

AS PER NEW ICAP EDUCATION SCHEME

ICAP PRC-05
**INTRODUCTION TO
BUSINESS**

Including ICAP Model Paper

TABLE OF CONTENT

S. NO.	TOPICS	PAGE NO
1	Understanding Nature of Business	07
2	Ownership of Business	32
3	Organization of Business	54
4	Source of Business Finance	80
5	Information system	106
6	Business ethics	145
7	Marketing concept	165
8	Human Resource strategies	210
9	Business Operations of a Manufacturing Organization	253
10	Industries of Pakistan	293
11	ICAP model paper	346

Sir Tariq Tunio (The Taxman)



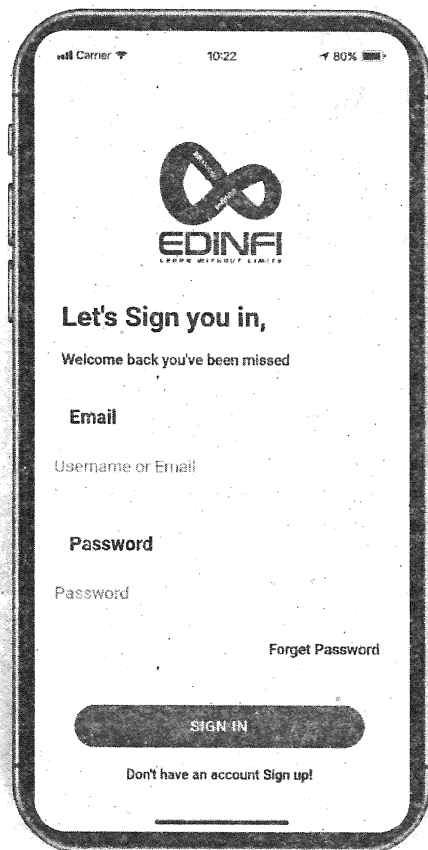
Sir Tariq Tunio is a CSS Officer – he is a Tax Commissioner at Federal Board of Revenue (FBR)/ Sindh Revenue Board (SRB). Sir TT holds an MBA from the prestigious Institute of Business Administration (IBA) Karachi.

By profession a Taxman, and, by passion, a teacher and educationist. He has been teaching Taxation to CA students for more than 15 years. His unique teaching style and his fabulous books for CAF-02 TAX MINI and TAX KIT have made him a household name for CAF-02 Tax Practices throughout Pakistan.

In Introduction to Business (PRC-05), Sir TT's pioneering work in the form of these 2000+ MCQs and 100+ Quizzes on his Mobile App 'EDINFI' (available free on google play store) have made him the most sought after faculty member for Introduction to Business (PRC-05) throughout Pakistan.

For online classes and workshops as well as for guidance, feel free to contact Sir Tariq Tunio at WhatsApp 03322130867.

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DEDICATION

***This Book is Dedicated to
My Teachers at IBA Karachi.***

CHAPTER 1

UNDERSTANDING NATURE OF BUSINESS

1. Business is an organization which, by providing goods and services desired by the customer, strives for _____.
 - a. Public good
 - b. Welfare of the poor
 - c. Profit
 - d. National development
2. By providing house hold essentials, clothing, medical care, transportation, banking, communication etc., business meet the needs of _____.
 - a. Companies
 - b. Consumers
 - c. Cities
 - d. Manufacturers
3. Tangible items that can be held, touched, or stored, manufactured or traded by the business are termed as:
 - a. Tangible Property
 - b. Intangible Property
 - c. Materials
 - d. Goods
4. Intangible offerings of businesses that cannot be held, touched or stored a termed as:
 - a. Business plans
 - b. Intellectual property
 - c. Services
 - d. Business projects
5. Physicians, lawyers, hairstylists and airlines all provide:
 - a. Consultancy
 - b. Services
 - c. Advisory
 - d. Opinion
6. Besides B-to-C transactions (business to consumer transactions), businesses also engage in B-to-B transactions (business to business transactions).
 - a. True
 - b. False

7. Business create goods and services that are the basis of our:
- Standard of growth
 - Standard of living
 - Standard of business
 - Standard of quality
8. The standard of living of a country is measured by the:
- Output of its people
 - Output of goods and services
 - Output of its resources
 - Output of its institution
9. In what ways business play a key role in determining our quality of life?
- By providing jobs and goods and services to society
 - By providing natural resources to the country
 - By providing training for human resource development
 - By providing corporate culture to the companies
10. Which of the following terms best describes 'The general level of human happiness based on such thing as life expectancy, educational standards, health, sanitation and leisure time'?
- Quality of business
 - Quality of life
 - Quality of goods and services
 - Management by objectives (MBO)
11. Building a high quality of life is effort of?
- Business
 - Government
 - Not-for-profit organization
 - All of the above
12. Profitability of a business can be measured through a key variable such as:
- Revenue
 - Cost
 - Profit
 - All of the above
13. The money which a company receives by providing services and goods is called:
- Interest
 - Revenue
 - Profit
 - Dividend

14. Expenses incurred for creating and services such as rent, salaries, supplies, transportation etc. are referred to as:
- Cost
 - Cash outflows
 - Assets
 - Liabilities
15. The money which is left over after the deduction of expenses from revenue is called _____.
- Sales
 - Interest
 - Profit
 - None of the above
16. Charities, Trusts and welfare organizations and institutions serve the people for free. Hence Edhi Foundation and Citizen foundation are the example of _____.
- Not for profit organizations
 - NGOS
 - Social welfare organizations
 - Religious organizations
17. The primary goal of all businesses is to earn profit. Thus earning profit contributes to society by providing employment, which in turn provides money that is reinvested in the economy.
- True
 - False
18. With the other main challenges, laws and government regulations, economic, political and social changes are also the challenges that may affect the business.
- True
 - False
19. _____ describes what an organization plans or hopes to be in the future and acts as an inspiration and motivation to drive the employees to reach the goals.
- Plan
 - Vision statement
 - Mission
 - Objective
20. A mission is the purpose and the reason of organizations existence. It actually defines what an organization wants to be and how it wants to be viewed ahead.
- True
 - False

21. According to Mintzberg, a _____ describes the organization's basic function in society, in terms of the products and services it produces for its customers.
- Mission statement
 - Vision statement
 - Vision
 - Mission
22. A mission statement should be clear and short statement and includes key questions to answer. Which of the following questions include in a mission statement?
- What is our value to the customer?
 - What will our plans be?
 - What will our business be?
- i
 - i and iii
 - i and iii
 - None of the above
23. Is it true that one of the purpose of the mission statement is to provide a basis for consistent strategic planning decisions?
- Yes
 - No
24. The mission reflects the purpose value and action. In any business the goals and objectives should clearly support the organization's mission statement.
- True
 - False
25. _____ are the aims to achieve, expressed in narrative terms. They are the broad intention for which a company strives for.
- Objective
 - Goals
 - Plans
 - Missions
26. If a company's goal is to maximize its profit, the aims to achieve that goal are _____
- Vision
 - Mission
 - Objectives
 - Strategic plan

27. _____ issues mission statement in which missions are stated by them. Similarly, the formal goals and objectives of an entity are stated by them.
- a. Employees
 - b. Supervisors
 - c. Non- executive directors
 - d. Board of directors
28. Goals should be based on realistic growth parameters and pose reasonable challenges for the employees. Is it true that over ambitious goals may maximize the potential and motivate the employees and resultantly employees continue their efforts to reach the goal?
- a. Yes
 - b. No
29. Along with the four factors of production _____ is considered as fifth factor of production as it plays a key role in business.
- a. knowledge
 - b. Education
 - c. Machinery
 - d. Human skills
30. _____ are those who have interest in the business and are affected by the business. Which one of the following is accurate?
- a. Shareholders
 - b. Stakeholders
 - c. Employees
 - d. General public
31. Employees, supervisors and labour are the best example of _____.
- a. Connected stakeholders
 - b. Internal stakeholders
 - c. External holders
 - d. None of the above
32. Shareholders are stakeholders of the company and are usually investors, seeking to earn a return on their investment in the form of _____.
- a. Interest
 - b. Dividend
 - c. Salary
 - d. Revenue

33. Shareholders do not participate in the company management they leave the management on BOD. However, they influence the decisions of BOD when they feel their interests are threatened. Which one of the following might be the concern of the shareholders?

- a. Dividend payments
- b. Falling profits and share price
- c. A proposal to invest in a major project where risk is low
- d. All the above

34. Executive directors and seniors fully and actively participate in the company's management and decision making with keen interest. However, their interest is affected by which of the following:

- i. Job security
- ii. Power and status
- iii. Working conditions

- a. i
- b. i, ii
- c. i, ii, iii

35. Non- executive directors and key suppliers are example of which of the following?

- i. Internal stake holders
- ii. Connected stake holders
- iii. External stakeholders

- a. i
- b. ii
- c. ii, iii
- d. i, iii

36. Companies might issue bonds and debentures to _____, to raise funds and pay interest on them. Choose the best one.

- a. Customers
- b. Stakeholders
- c. Suppliers
- d. Lenders

37. Lenders might not be concerned about heavy borrowing by business organisation despite considering that heavy borrowing might increase the risks and the company will not be able to pay the interest claimed.

- a. True
- b. False

38. _____ are the members of BOD and bring experience and knowledge to the board, however they are external stakeholders of the company and appointed by the BOD.
- Executive directors.
 - Non-executive directors
 - Employees
 - Managers
39. Directors are the key managers of the company who make decisions and policies of the company but their decisions are influenced by _____ and they can take action against the directors.
- Non-executive directors.
 - Employees
 - Suppliers
 - Shareholders
40. Which of the following statement is correct for connected stakeholders?
- They are decision makers
 - They are the part of the permanent infrastructure of the organisation
 - They are nevertheless very influential in shaping the future of the organisation and the decisions of its leaders
 - None of the above
41. _____ is used to categorize relevant stakeholders based on their power or influence and level of interest in a project or entity.
- Power-interest matrix
 - Interest-power matrix
 - Power-influence matrix
 - None of the above
42. Which of the following stakeholders have high power and low Interest?
- Investors
 - Shareholders
 - Employee
 - Government
43. Which of the following stakeholders have low power and low interest?
- Managers
 - General public
 - Employee
 - Senior executives

44. For which of the following purpose a business organization strives by providing goods and services desired by its customers?
- a. Goal
 - b. Objective
 - c. Profit
 - d. None of the above
45. Which of the following does not meet the needs consumers by providing goods to the consumers?
- a. Business
 - b. Services
 - c. Shopkeepers
 - d. None of the above
46. _____ are tangible items that can be held, touched, or stored and manufactured but not traded by businesses.
- a. Goods
 - b. Laptops
 - c. Machines
 - d. Product samples
47. For the survival and success of a business, understanding of which of the following is important?
- a. Basic structure of business
 - b. Organization of business
 - c. Key forces affecting business
 - d. All of the above
48. On which of the following basis the standard of living among different countries is compared?
- a. Quality of goods which is the priority of the customers
 - b. Factors of production that are the building blocks of business
 - c. Goods and services people can buy with the money they have
 - d. None of the above
49. In today's fast changing business environment, which of the following is the only constant?
- a. Management policies
 - b. Recurrent policies
 - c. Buildings and other tangible assets
 - d. Change

50. Those business will succeed in the long-run which understand the functioning of major variables influencing its _____.
- Growth and profitability
 - Factory building
 - Working conditions for top management
 - None of the above
51. The _____ can be measured through key variables such as revenue, costs and profit.
- Finances of business
 - Value of business
 - Profitability of business
 - All of the above
52. Due to which of the following factor the business may incur a loss by not achieving its goals?
- Employing over qualified human resources
 - Inefficient use of resources
 - Use of expensive raw material
 - All of the above
53. Not all companies earn profits, but that is the risk of being in business. There is indirect relationship between risks and profit, the greater the risk the lower will be the profit.
- True
 - False
54. Profit is the reward for the _____ take in business providing products.
- Money/ exchange
 - Decisions
 - Risk
 - All of the above
55. Which of the following a business needs to learn that what products consumers need and want and to develop, manufacture, price, promote, and distribute those products?
- Financial resources
 - Management skills
 - Marketing expertise
 - Customer attention
56. Which of the following is not considered a factor for the business to achieve and maintain profitability?
- Efficient operations
 - Ethical dealing with stakeholders

- c. Efficient operations
 - d. None of the above
57. As a part of the strategic review, _____ should always reconsider the purpose of the entity that they manage.
- a. Stakeholders
 - b. Management
 - c. Shareholders
 - d. All of the above
58. Which of the following is decided in the strategic planning process?
- a. Goals, objectives and strategies with the aim of maximizing profit
 - b. Goals and objectives with aim of delivering the goods in timely manner
 - c. Goals, objectives and strategies with the aim of fulfilling the entity's purpose
 - d. None of the above
59. Which of the following hierarchy should a business entity have?
- a. Goals and objectives hierarchy
 - b. Executives and shareholders hierarchy
 - c. Aims and plans hierarchy
 - d. All of the above
60. Which of the following is included in aims and plans hierarchy?
- a. Goals
 - b. Tactical plans and aims
 - c. Vision
 - d. All of the above
61. In strategic planning process which of the following should be decided with the aim of fulfilling the entity purpose?
- a. Goals
 - b. Objectives
 - c. Strategies
 - d. All of the above
62. With which of the following 'Goals' deal with?
- a. Specific overall aims
 - b. General overall aims
 - c. All of the above
 - d. None of the above
63. With which of the following 'objectives' deal with?
- a. Specific overall aims

- b. General overall aims
 - c. All of the above
 - d. None of the above
64. With which of the following 'strategies and strategic aims' deal with?
- a. Specific overall aims
 - b. General overall aims
 - c. Detailed longer term targets
 - d. Implementation targets and budgets
65. With which of the following 'tactical plans and aims' deal with?
- a. Specific overall aims
 - b. General overall aims
 - c. Detailed longer term targets
 - d. Implementation targets and budgets
66. With which of the following 'operational plans and aims' deal with?
- a. Action plan and targets
 - b. General overall aims
 - c. Detailed longer term targets
 - d. Implementation targets and budgets
67. Operational Plans and aims include:
- a. Overall purpose
 - b. Implementation targets and budgets
 - c. Action plans and targets
 - d. All of the above
68. An important aspect of managing business is creating purpose and providing clear messaging to stakeholders. This can be done by creation of?
- a. Sending email to all stakeholder
 - b. Creation of mission and vision statement
 - c. Updating shareholder on daily basis
 - d. None of the above
69. Which of the following helps the business to create and provide clear messaging to stakeholders?
- a. Vision
 - b. Mission statement and vision statement
 - c. Goals and objectives
 - d. None of the above

70. Which of the following is more of an inspirational or motivational statement that is meant to drive employees and also clearly demonstrate an organizations' goals to stakeholders?
- a. Mission statement
 - b. Vision statement
 - c. Financial statement
 - d. Visionary statement
71. A vision statement discusses more of what the organization wants to be and how it wants to be viewed irrespective to the present state of the organization.
- a. True
 - b. False
 - c. This relates to mission statement
 - d. None of the above
72. Which of following statement if well written, should be short, simple, specific to the business, leave nothing open to interpretation?
- a. Mission statement
 - b. Vision statement
 - c. Both mission and vision statement are descriptive
 - d. None of the above
73. Which of the following is the purpose of an organization and the reason for its existence?
- a. Goal
 - b. Tactical goal
 - c. Vision
 - d. Mission
74. KDNDSTDG LTD is a leading company in paper market. It is currently facing dwindling sales due to inefficient management. All the directors of the company are very concerned to deal with this problem so as to achieve growth and profitability. Considering the aim of growth and profitability which of the following may be a 'goal' of the company?
- a. Increasing annual sales by 25% by adding new customers each month
 - b. Increasing net profit by 15% by increasing revenue while limiting expenses
 - c. Reducing annual utility bills by 5%
 - d. All of the above

75. Kamal and Sons Company has been facing customer complaints which may become hindrance in their business. They have decided to plan the 'objectives' to tackle this problem. Which of the following would be the objective of the company to manage customer care?
- a. Reducing customer complaints by 30% and improving resolution time by one day
 - b. Reply to customer complaints within two business days
 - c. Both a and b
 - d. None of the above
76. M/s Paro is a leading business confronted with high employee turnover ratio. Most of the employees leave the company within a year of hiring. M/s Paro has decided to set the goal to fix this problem. By setting which of the following goal a company may retain its staff?
- a. Training for new employees within first 90 days on the job
 - b. By holding meetings with the staff one-on-one basis
 - c. Improving staff retention (less than three employees leaving in six months)
 - d. All of the above
77. MAL Company sells its product throughout the country. Because of delay in production and lack of shippers they are unable to supply the products on agreed time. As this inefficiency may cause the reputation risk, therefore the BOD meeting is held to discuss the issue. BOD decides to set the specific goal of improving efficiency. With which of the following goal the company may achieve this efficiency goal?
- a. Adding new shipper
 - b. Increasing the efficiency by reducing the shipping times from five to two days
 - c. Improving production time by two hours
 - d. None of the above
78. For which of the following purpose, organizations (regardless of whether operated in the for profit or not for profit sector) require inputs in the form of resources called factors of production?
- a. To explore mines and minerals
 - b. To provide goods and services
 - c. To store goods and services
 - d. None of the above
79. Which of the following remains the most obvious natural resource that is commonly used by businesses to produce goods and services?
- a. Land
 - b. water
 - c. air
 - d. All of the above

80. Human resource are the people who are able to perform work for a business. They may contribute to production by using their physical abilities. Which of the following may be considered their physical ability?
- Motivating factory workers
 - Working in a factory to construct a product
 - Preparing long term plans
 - None of the above
81. Which of the following factor enables the business to produce more goods and services with the available factors of production? Choose the most appropriate option?
- Finance
 - Efficiency
 - Effectiveness
 - All of the above
82. Human resource are the people who are able to perform work for a business. They may contribute to production by using their physical as well as mental abilities. Which of the following is not considered as mental ability?
- Working in a factory to construct a product
 - Proposing a change in the product design
 - Proposing a plan for business diversification
 - All of the above
83. Human resources may contribute to production by using their mental abilities, such as motivating employees. Is it correct?
- Yes
 - No
84. Human resources are the people who combine the inputs of natural resources, labor, and capital to produce goods or services with the intention of making a profit or accomplishing a not-for-profit goal.
- True
 - False
85. Which of the following factor is involved in entrepreneurship?
- The creation of business ideas.
 - Willingness to accept risk
 - Both a and b
 - None of the above
86. In which of the following conditions, entrepreneurs are likely to lose money?
- Increasing imports

- b. Overestimating potential profitability
- c. Overestimating loss
- d. None of the above

87. In which of the following conditions, entrepreneurs are likely to lose money?

- a. Managing business poorly
- b. Increasing imports
- c. Overestimating loss
- d. None of the above

88. In which of the following economic system, the firm that charges too high prices for its product may fail because customers will switch to its competitors?

- a. Mixed economy
- b. Capitalism
- c. Free market
- d. None of the above

89. Who are not referred to as stakeholders?

- a. Those who have interest in the company
- b. Those who can influence the company
- c. Those who are affected by the business
- d. None of the above

90. Due to which of the following reason some stakeholders are categorised into groups of people with a similar interest?

- a. Because they rarely have a common interest
- b. Because they often have a common interest
- c. Because they never have a common interest
- d. None of the above

91. Who are not considered as shareholders?

- a. People who have purchased company's debentures
- b. People who have purchased company's shares
- c. People who receive dividend from company
- d. All of the above

92. Which of the following is the act of creating, organizing, and managing a business? Choose the most appropriate?

- a. Leadership
- b. Entrepreneurship
- c. Management
- d. None of the above

93. Entrepreneurs are critical to the development of new business:
- Because their aim is to maximize profit
 - Because they are concerned about the growth of the business
 - Because they create new products desired by consumers
 - None of the above
94. People will be willing to create a business only if they:
- Have to invest huge amount of money
 - Expect to be rewarded for their efforts
 - Expect to own and transfer the business to their progeny
 - None of the above
95. Which of the following statement best differentiates stakeholder from a shareholder?
- A stakeholder is anyone who manages business and owns shares in business, while the shareholder only owns share in the business
 - A stakeholder is anyone who has any type of stake in a business, while a shareholder is someone who owns share in a company
 - Both stakeholder and shareholder have stake in the business as well own shares
 - All of the above
-
96. Which of the following, being one of the most important stakeholders of the business, has a direct stake in the company and can significantly affect the performance of the business?
- Government
 - Supplier
 - Employee
 - None of the above
97. Executive's directors are involved in the management of the company. Which of the following statement is true with respect to their interest?
- Their interest is similar to the interest of non-executive directors, as both have position on the board of the directors
 - Their interest is similar to the interest of senior executive, who do not have a position on the board of directors
 - Both a and b
 - None of the above
98. Employees make decision to work for a company after careful thought as they are directly affected by the business, its policies and its success or failure.
- True
 - False

99. Executive directors and other senior managers of a company want growth of the company. For which of the following such growth is not necessarily in their best interest, because they are more concerned about profitability, dividend and the share price?
- Stakeholders
 - Shareholders
 - Executive directors
 - None of the above
100. Executive directors and other senior managers often want their company to grow in size, because in a large company, they expect _____.
- Better working conditions
 - More office space
 - Better career prospects
 - None of the above
101. Managers in the middle and junior ranks of a management hierarchy might have ambitions to become _____.
- Executive managers
 - Senior managers
 - Chairman
 - Chief executive
102. Which of the following is typically required by a business firm (beyond the capital injected by the owners or their personal assets being used in the business)?
- Financial support from lenders and creditors
 - Financial support from managers
 - Financial support from Government
 - All of the above
103. When a firm is initially created, which of the following is incurred by the firm before it starts selling a single product or service?
- Expenses
 - COGS
 - Both a and b
 - None of the above
104. The firm cannot solely rely on money made from sales to cover its expenses, it has to rely on borrowed funds or credit _____.
- Because of charging the selling price which is lower than the cost
 - Because of the growth of the company
 - Because in the first several months, its costs incurred may exceed its revenue
 - All of the above

105. In which of the following conditions creditors lend funds to a firm?
- If they believe that firm will grow and even in case of loss the firm will not evade the interest
 - If they believe the firm will perform well enough to pay the interest on the loans and the principal amount in the future
 - If the firm sign an agreement for the debt that at the end of maturity of agreement all the debts will be cleared
 - All of the above
106. Firms cannot complete the production process if they cannot obtain the materials. Therefore, their performance is partially dependent on _____ to deliver the materials on schedule.
- Financial resources
 - Human skills
 - Suppliers
 - None of the above
107. Business organizations also buy goods and services from their _____.
- Customers
 - Suppliers
 - Lenders
 - None of the above
108. Suppliers will usually agree to allow their customers some credit (time to pay) but their main interests are that:
- A customer will pay the interest in timely manner
 - Customers will continue to buy from them
 - The customer will issue the bonds and debentures with fixed rate of interest.
 - All of the above
109. _____ can be considered a major stakeholder in a business, that benefits from the overall Gross Domestic Product that companies contribute by paying taxes.
- Customers
 - Local communities
 - Governments
 - All of the above
110. _____ of free-market economies recognize the advantages of allowing businesses to be set up, because businesses not only serve consumers, they also reduce the unemployment which is an important goal of them.
- Entrepreneurs
 - Governments
 - All of the above
 - None of the above

111. Which of the following rely on entrepreneurs (owners) to create business ideas and possibly to provide some financial support?
- a. Management
 - b. Firms
 - c. Government
 - d. Employees
112. The government has an interest in all business organisations, but especially large organisations, for a wide range of reasons. Which of the following may not be the reason of interest of the government in the business organization?
- a. Businesses pay tax on profits, so government has an interest in company profitability
 - b. The government wants to create and maintain a strong economy. This depends partly (or largely) on new investments by businesses. Government might therefore want to encourage business investments
 - c. The government wants to achieve low levels of unemployment. Businesses are major employers
 - d. None of the above
113. Customers have a stake in business organization because _____.
- a. They expect to give maximum profit to the company
 - b. They expect to obtain value from the goods or services that they buy
 - c. They expect to become the stakeholder of the company
 - d. All of the above
114. Business cannot survive without _____. Therefore, to attract them, a firm must provide a desired product or service at a reasonable price.
- a. Suppliers
 - b. Customers
 - c. Lenders
 - d. All of the above
115. _____ might be stakeholders in a business organisation, especially when the organisation is a major employer in the area and the local economy depends on the work and business activity that the organisation brings to the area.
- a. Trade union
 - b. General public
 - c. All of the above
 - d. Local community
116. Business shut down by a major employer in local community has a _____ effect for other businesses, which will lose trade and income.
- a. Knock
 - b. Knock on

- c. Knocking
- d. None of the above

117. _____ has a stake or interest in major companies, because the actions of these companies can affect society as a whole.

- a. Local community
- b. Competitor
- c. Government
- d. General public

118. Which of the following might be included in the areas of public concern in business?

- a. The monopolization of a market by one or a small number of companies
- b. Protection of the environment, reducing pollution, and creating 'sustainable businesses
- c. The exploitation of the consumer through mis-selling and misleading descriptions of goods
- d. All of the above

119. Non-executive directors interests are similar to those of executive directors and senior executives. Therefore, they are also affected by concerns about remuneration, power and status or job security.

- a. True
- b. False
- c. Both executive and non-executive director have similar interest but in some areas
- d. None of the above

120. Appointing independent non-executive directors to the board of directors of a company is good corporate governance practice, because independent NEDs can help to prevent a company from being dominated by the personal interests of the _____.

- a. Entrepreneur
- b. Executive directors
- c. Chief Executive officer
- d. None of the above

121. The main stakeholders in a business organization, whether internal or external, are those

- a. Who exercise least influence
- b. Who exercise moderate influence
- c. Who exercise great influence
- d. All of the above

122. Who are not usually the most influential stakeholders in a company?

- a. Junior level employees

- b. Board of directors
 - c. Senior executives below Board level
 - d. All of the above
- 123.** Shareholders have voting rights under _____.
- a. Constitution of Pakistan 1973
 - b. Memorandum of association
 - c. Company Act 2017
 - d. None of the above
- 124.** Lenders have legal rights under the terms of _____.
- a. Constitution of Pakistan 1973
 - b. Lending agreement
 - c. Investment agreement
 - d. None of the above
- 125.** Pressure groups and protest groups might be influential for the business organization. Which of the following is included in pressure groups and protest groups?
- a. Environmental protection groups
 - b. Human rights protection groups
 - c. Animal welfare activists
 - d. All of the above
- 126.** Major suppliers could exert influence by controlling the supply of a key resource to the organisation. This results in _____ for a business.
- a. Employee strikes risk
 - b. Supplier or vendor risk
 - c. Creditor risk
 - d. None of the above
- 127.** Customers can exert influence collectively through their buying power. If they do not like what a business organisation is doing, they can switch to buying from competitors. This results in _____ for a business.
- a. Customer satisfaction risk
 - b. Customer influence risk
 - c. Customer concentration risk
 - d. None of the above
- 128.** Individual employees might be in a position of power within the organisation, perhaps because of special expertise that they possess. Their position of power may result in a _____ for a business.
- a. Consultant risk
 - b. Key person risk
 - c. Banker risk

d. None of the above

129. Individual employees such as top consultants and investment bankers influence the organization by exercising their power internally. By using which of the following source of power they can influence the decision of the organization?

- a. Claim on resources
- b. Personal charisma
- c. Position power
- d. None of the above

130. Internal sources of power include claim or control that exist over a particular _____ of a business

- a. Manager
- b. Resource
- c. Process
- d. None of the above

131. Is it true that some individuals might exercise considerable influence in a business organization through their personal qualities and charisma?

- a. True
- b. False

132. On the basis of which of the following, strategies can be developed to manage all stakeholders effectively and to develop a communication plan accordingly for their consultation and engagement?

- a. Power-interest matrix
- b. Power matrix
- c. Interest matrix
- d. None of the above

133. To identify the responsibilities of each relevant stakeholder, which of the following may be applied?

- a. RASCI based strategy
- b. ISAC based strategy
- c. ASCIR based strategy
- d. None of the above

134. In RASCI based strategy, "R" stands for:

- a. Resources
- b. Responsible
- c. regulations
- d. None of the above

135. In RASCI based strategy, "A" stands for:
- a. Accountable
 - b. Assets
 - c. Ability
 - d. None of the above
136. In RASCI based strategy, "S" stands for:
- a. supervision
 - b. Superior position
 - c. Supporting
 - d. None of the above
137. In RASCI based strategy, "C" stands for:
- a. Consulted
 - b. Charisma
 - c. Credit
 - d. None of the above
138. In RASCI based strategy, "T" stands for:
- a. Internal
 - b. Informed
 - c. Influence
 - d. None of the above
139. Once the stakeholders are identified, they are plotted on a grid of power-interest matrix in relation to the _____ and _____.
- a. Charisma, position
 - b. Qualification, experience
 - c. Power, interest
 - d. All of the above
140. When stakeholders are plotted on power-interest matrix grid with high power and high interest, which of the following the strategy is followed?
- a. keep satisfied with active consultation
 - b. Manage closely with regular engagement
 - c. Keep informed
 - d. Monitor only
141. When stakeholders are plotted on power-interest matrix grid with high power and low interest, which of the following the strategy is followed?
- a. keep satisfied with active consultation
 - b. Managed closely with regular engagement
 - c. Keep informed

d. Monitor only

142. When stakeholders are plotted on power-interest matrix grid with low power and low interest, which of the following the strategy is followed?

- a. keep satisfied with active consultation
- b. Managed closely with regular engagement
- c. Keep informed
- d. Monitor only

143. When stakeholders are plotted on power-interest matrix grid with low power and high interest, which of the following the strategy is followed?

- a. keep satisfied with active consultation
- b. Managed closely with regular engagement
- c. Keep informed
- d. Monitor only

ANSWER KEY TO CHAPTER 1

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	c	37	b	73	d	109	c
2	b	38	b	74	b	110	b
3	d	39	d	75	b	111	b
4	c	40	c	76	c	112	d
5	b	41	a	77	b	113	b
6	a	42	d	78	b	114	b
7	b	43	b	79	a	115	d
8	b	44	c	80	b	116	b
9	a	45	b	81	b	117	d
10	b	46	d	82	a	118	d
11	d	47	d	83	b	119	b
12	d	48	c	84	b	120	b
13	b	49	d	85	c	121	c
14	a	50	a	86	b	122	a
15	c	51	c	87	a	123	c
16	a	52	b	88	c	124	b
17	a	53	b	89	d	125	d
18	a	54	c	90	b	126	b
19	b	55	c	91	a	127	c
20	b	56	d	92	b	128	b
21	d	57	b	93	c	129	c
22	c	58	c	94	b	130	b
23	a	59	c	95	b	131	a
24	a	60	d	96	c	132	a
25	b	61	d	97	b	133	a
26	c	62	b	98	a	134	b
27	d	63	a	99	b	135	a
28	b	64	c	100	c	136	c
29	a	65	d	101	b	137	a
30	b	66	a	102	a	138	b
31	b	67	c	103	a	139	c
32	b	68	b	104	c	140	b
33	b	69	b	105	b	141	a
34	b	70	b	106	c	142	d
35	c	71	a	107	b	143	c
36	d	72	b	108	b		

CHAPTER 2

OWNERSHIP OF BUSINESS

1. To achieve the goals and objectives of a business in an effective and efficient manner, the first step of owner(s) is to decide on _____.
 - a. Type of business organization
 - b. Size of business organization
 - c. assets of business organization
 - d. Liabilities of business organization
2. Which of the following is a form of business ownership?
 - a. Proprietorship
 - b. Partnership
 - c. Limited liability company
 - d. All of the above
3. Which of the following is a form of business ownership?
 - a. Mr. Salman
 - b. Mr. Kamaran
 - c. SK (Pvt) Ltd.
 - d. All of the above
4. Organization is a tool to arrange individual or combined resources for particular purposes in an efficient and effective manner.
 - a. True
 - b. False
5. A business organization is an entity formed for the purpose of carrying on required activities to achieve the country's goals and objectives.
 - a. True
 - b. False
6. A business organization can be seen as the process of dividing up activities in an efficient and effective manner to enable a system of co-operative activities of _____.
 - a. Two persons
 - b. Two or more persons
 - c. Single person
 - d. None of the above

7. Since people from different backgrounds come to work together, organizations are strongly influenced by _____ that form them.
- Assets
 - People
 - Promoters
 - Sponsors
8. The personalities, attitude, perceptions, behaviors, and expectations of the people working together in an organization significantly affect the _____ of an organization.
- Ownership
 - Functioning
 - Structure
 - Profit
9. Which one of the following is profit earning organization?
- HumTum (Pvt) Ltd
 - SECP
 - Govt. of Pakistan
 - None of the above
10. There are _____ no of basic forms of business ownership.
- Two
 - Three
 - Four
 - Five
11. There are three types of business organizations and the features of each type of organization are same.
- True
 - False
12. The basic design feature of an organization depends on _____.
- The type of organization
 - The environment in which organization operates in
 - Nature of organization business
 - All of the above
13. Business organizations exist to make a _____, whereas public sector organization exist to provide a _____ to the public.
- Profit, profit
 - Profit, benefit
 - Profit, interest
 - Benefit, profit

14. On the basis of which of the following one Business organizations is distinguish from another ____.
- a. Purpose, ownership, funding and accountability
 - b. Land, PPE, building and stock
 - c. Employees, managers, directors and stakeholders
 - d. None of the above
15. Business organizations obtain funds they need to obtain from ____.
- a. Share holders
 - b. Lenders
 - c. Employees
 - d. Variety of sources
16. Companies are owned by shareholders whereas public sector organizations are owned by ____.
- a. Public
 - b. Private sector
 - c. Government
 - d. None of the above
17. Management of an organization is accountable to ____ for goals and objectives of the organizations.
- a. Government
 - b. Employees
 - c. Creditors
 - d. Owners
18. For the financial performance of the company, directors of a company are accountable to ____.
- a. Suppliers
 - b. Employees
 - c. Creditors
 - d. Shareholders
19. In order for shareholders to hold accountable the director of the company for the financial performance, the companies ____.
- a. Hold regular meeting
 - b. Publish minutes of the meetings
 - c. Produce annual reports and accounts
 - d. None of the above

20. Public sector organizations obtain their funds from the government which in turn raises through the _____.
a. Public funding
b. Government subsidy
c. Taxation
d. None of the above
21. A sole proprietor runs his business himself and not willing to employ any individual for business management. Is it absolutely correct?
a. Yes
b. No
22. Chacha chai wala runs a tea shop. His business is a correct example of sole proprietorship?
a. Yes
b. No
23. Many successful sole proprietors had previous work experience in the market in which they are competing, perhaps as employee in the competitor's firm.
a. True
b. False
24. With the minimal legal requirement, sole proprietor may need to apply for _____ to run his business.
a. Occupational license
b. Public advertisement
c. SECP confirmation
d. All the above
25. A sole proprietor does not have to discuss his plans with other individuals, hence, he has an advantage of secrecy. Is it correct?
a. Yes
b. No
26. X and Y are brothers. Y manages X's business and is not entitled to any share of business profit. This is the example of what kind of organization.
a. Partnership
b. Limited partnership
c. Sole proprietorship
d. None of the above

27. Why is there greater flexibility in sole proprietorships?
- Because sole proprietor is free to make decisions himself
 - Because sole proprietor easily transfers his business
 - Because the degree of expansion of business is high
 - None of the above
28. It is confirmed that SECP laws and regulations only apply to corporations that issue stock. But in case of sole proprietor the laws according to their nature of business also apply to the business.
- True
 - False
29. Which one of the following is the advantage of sole proprietorship?
- Low secrecy
 - Limited share and profit
 - No government regulations
 - Lower taxation
30. Despite ease of dissolution in sole proprietorship which of the following factor is constraint in dissolution of business.
- Financial obligation
 - Loss of the assets
 - Higher taxation
 - None of the above
31. In sole proprietorship there is unlimited liability, hence in case of nonpayment of debts sole proprietor has to pay liability from his _____.
- General reserve
 - Personal assets
 - Bank balance
 - None of the above
32. Under which law, sole proprietor has to pay off his debts by using personal assets in case of nonpayment of debts.
- Company Act
 - Banking law
 - Bankruptcy laws
 - None of the above
33. Sole proprietor freely runs his business and manages the business himself but due to _____ he may not be able to manage the business properly and has to hire employees.
- Limited skills
 - Lack of planning

- c. Load of work
 - d. Business expansion
34. In case the sole proprietor becomes mentally ill or dies, the business may come to an end. This means there is ____.
- a. Lack of continuity
 - b. Lack of liquidity
 - c. Lack of life
 - d. None of the above
35. To form a partnership there must be at least ____ members
- a. 2
 - b. 3
 - c. 5
 - d. 7
36. Maximum number of partners in partnership is ____.
- a. 15
 - b. 20
 - c. 25
 - d. None
37. The partnership in which the liability of at least one partner must be unlimited is called ____.
- a. Limited partnership
 - b. General partnership
 - c. Incorporated partnership
 - d. None of the above
38. In limited partnership, usually the general partner receives a larger share of the profits after the limited partners have received their initial investment back.
- a. True
 - b. False
39. In partnership the funds can be raised easily inspite of unlimited liability because partner's combined financial strength also increases the firm's ability to raise funds.
- a. True
 - b. False
40. The sole proprietor liability is unlimited and debt is paid from his personal assets due to this it is considered that there can be greater risk of default. Thus before borrowing, he often has to ____ his personal assets.
- a. Sale

- b. Pledge
 - c. Conceal
 - d. All of the above
41. Which of the following statement represents the advantage of limited liability partnership?
- a. The partner liability is limited but one partner liability must be unlimited
 - b. The general partner enjoys larger profit
 - c. Limited liability partnership protects each individual partner from responsibility for the acts of other partner
 - d. All of the above
42. Which one of the following is disadvantage for partnership?
- a. Business income is taxed as at corporate rates
 - b. All the partners liability is limited except general partners
 - c. Regulatory control
 - d. Sharing of profits
43. In partnership, dissolution is not easy because if a partner who owns more than ____% of share of the entity withdraws, dies, or becomes disabled the partnership must reorganize or end.
- a. 75
 - b. 50
 - c. 25
 - d. None of the above
44. The co- owners of partnership business are called partners and they collectively form Pvt Company.
- a. True
 - b. False
45. Who set the corporate major goals?
- a. Stock holder
 - b. Employees
 - c. Lenders
 - d. BOD
46. Corporation is a large scale business but when it goes bankrupt the liability is limited to the assets of the company.
- a. True
 - b. False

47. A, B and C form a firm and all are referred to as partners. This is the example of what kind of business.
- Corporation
 - General partnership
 - Partnership
 - None of the above
48. The basic aim of companies Act is to _____ the interest of stakeholders.
- Safeguard
 - limit
 - Restrict
 - Control
49. It is necessary for private company to publish their accounts for showing the progress of their company and attracting general public.
- True
 - False
50. This is also the objective of the Companies Act to promote _____.
- Government laws
 - Corporate good governance
 - Interest of government
 - Corporation objective
51. Which of the following organizations do not seek to make a profit?
- Companies
 - Sole traders
 - Non-profit organizations
 - Not-for-profit organizations
52. Which of the following is a type of not-for-profit organizations?
- Public sector organizations
 - Government corporations
 - Government approved companies
 - All of the above
53. Which of the following is a type of not-for-profit organizations?
- Government corporations
 - Non-government organizations
 - Non-profit organizations
 - All of the above

54. Which of the following is a type of not-for-profit organizations?
- a. Proprietary clubs
 - b. Recreational groupings
 - c. Clubs and societies
 - d. All of the above
55. Which of the following is a type of not-for-profit organizations?
- a. Corporations
 - b. Companies
 - c. Cooperatives
 - d. None of the above
56. Public sector organization are funded by the government to achieve ____.
- a. Growth in GDP of the country
 - b. National defense of the country
 - c. Political stability of the country
 - d. Social indicators of the country
57. Which of the following are government organizations that strive to achieve social indicators such as quality education basic health facility and clean drinking water for all?
- a. Government organizations
 - b. Government funded organizations
 - c. Public organizations
 - d. Public sector organizations
58. _____ are association of persons, means, who voluntarily come together to achieve a common economic end by making equitable contributions to raise capital and accepting a fair share of risks and benefits.
- a. Partnership
 - b. Cooperatives
 - c. Non-government organization
 - d. Public sector organization
59. _____ are non-profit making organizations, exist because their members are drawn together by a common interest.
- a. NGOs
 - b. Clubs and societies
 - c. Cooperatives
 - d. None of the above

60. _____ are not-for-profit organizations that are partly or wholly funded from non-government sources.
- Non-government organizations (NGOs)
 - Public sector organizations
 - Government social welfare organizations
 - Cooperatives
61. Clubs and societies are nonprofit making organizations and they exist because their members are drawn together _____.
- For making profit
 - By common professions
 - By common class
 - By common interest
62. Assets of club and societies are the property of _____.
- Managers
 - Executive committee
 - Members
 - All of the above
63. Social and sports clubs are examples of non-profit making organizations referred to as "clubs and societies". Which of the following is their main source of income?
- Subscription
 - Government fund
 - Public fund
 - All of the above
64. Instead of profit and loss account, clubs and societies produce _____ to show surplus/deficit of income over expenditure.
- Income statement
 - Income expenditure accounts
 - Balance sheet
 - All of the above
65. Cooperatives are associations of persons who _____.
- Voluntarily come together to achieve common economic end
 - Make equitable contribution to raise capital
 - Accept fair share of risk and benefits
 - All of the above
66. A Cooperative is not formed with profit is the guiding objective but to render services to _____.
- Society

- b. Its members
 - c. Society and its members
 - d. None of the above
67. The partnership firm is formed under _____.
- a. Companies ordinance 1984
 - b. Companies Act 2017
 - c. Partnership Act 1932
 - d. Partnership Act 1935
68. Laws and regulations vary between different countries, but in certain areas of commercial activities such as banking _____ is accepted.
- a. International regulation
 - b. Management regulation
 - c. Trade regulation
 - d. None of the above
69. The form of the business ownership that is chosen can affect _____.
- a. The growth of the firm
 - b. The profitability of the firm
 - c. Risk of the firm
 - d. The value of the firm
 - e. All of the above
70. Which of the following engages in commercial activities with the purpose of making a profit?
- a. Business organization
 - b. Public sector organization
 - c. Non-government organization
 - d. All of the above
71. A sole proprietor owns and operates business himself but he _____.
- a. Must not employ anyone
 - b. Might employ a small number of people
 - c. Shall have to appoint consultants
 - d. None of the above
72. To be successful a sole trader must do which of the following?
- a. He must register his business with the government
 - b. He must exhibit strong leadership skills, be well organized, and communicate well with employees
 - c. He must share his profits with the individual if any who manages his business
 - d. All of the above

73. Which of the following is not the benefit of sole proprietorship?
- a. No legal formalities needed to set up as a sole proprietor
 - b. Any profit made after tax belongs to the owner
 - c. The owner is in complete control and is free to make decisions
 - d. None of the above
74. Responsibility of sole proprietorship forces the sole proprietor to do which of the following?
- a. Sole proprietors must be willing to accept full responsibility for the business's performance
 - b. Sole proprietors must also be willing to work flexible hours
 - c. They are on call at all times and may even have to substitute for a sick employee
 - d. All of the above
75. Many successful sole proprietors had previous work experience in the market in which they are competing, therefore, prior experience is critical to understanding the competition and the behavior of customers in a particular market.
- a. True
 - b. False
76. Which of the following is the disadvantage of sole proprietorship?
- a. Unlimited employees monitored by a single person
 - b. Strict government regulation because of its nature of business
 - c. Difficulty in finding qualified employees
 - d. All of the above
77. In sole proprietorship it is difficult to raise funds because credit standing is determined by _____.
- a. Owner's family financial condition
 - b. Owner's personal financial condition
 - c. Owner's obligations
 - d. All of the above
78. Sole proprietorships may have to pay _____ on funds borrowed from banks than do large corporations because they are considered greater risk of default.
- a. Lower interest rate
 - b. Higher interest rate
 - c. 10%
 - d. None of the above

79. _____ can not only obtain funds from commercial banks but can sell stocks and bonds to the public to raise money.
- Public sector organization
 - Privately owned/ corporations
 - Publicly owned corporations
 - All of the above
80. In partnership, the parties agree, either orally or in writing, to share in the _____ of a joint enterprise.
- Assets and liabilities
 - Profit and losses
 - Both a and b
 - None of the above
81. _____ spelling out the terms and conditions of the partnership, is recommended to prevent later conflicts between the partners.
- Law
 - Written partnership agreement
 - Partnership Act 1932
 - None of the above
82. Which of the following is included in partnership agreement?
- The name of the partnership
 - Purpose of partnership
 - Contributions of each partner
 - All of the above
83. A _____ has at least one general partner, who assumes unlimited liability, and at least one limited partner, whose liability is limited to his or her investment in the business.
- General partnership
 - Limited partnership
 - Limited liability partnership
 - None of the above
84. _____ exist for risky investment project where the chance of loss is great.
- General partnership
 - Sole proprietorship
 - Limited partnership
 - None of the above
85. In limited partnership, the general partners accept the risk of loss, and for limited partner losses are limited to their _____
- Initial investment

- b. Initial liability
 - c. Share of loss
 - d. None of the above
86. In limited partnership, which of the following do not participate in the management of the business but share in the profits in accordance with the terms of a partnership agreement?
- a. Limited liability partners
 - b. Limited partners
 - c. General partner
 - d. None of the above
87. Usually the general partner receives a _____ share of the profits after the limited partners have received their initial investment back.
- a. Small
 - b. Larger
 - c. Share of profit depends on the percentage of contribution
 - d. None of the above
88. In Pakistan, most commonly oil drilling partnerships and real estate partnerships are the examples of _____.
- a. General partnerships
 - b. Limited partnerships
 - c. Limited liability partnerships
 - d. All of the above
89. Other than general partnership and limited partnerships there is also _____ which are similar to a general partnership except that partners are not held responsible for the business debt and liabilities.
- a. Unlimited liability partnerships
 - b. Unlimited partnerships
 - c. Limited partnerships
 - d. Limited liability partnership
90. Which of the following is the advantage of both partnership and sole proprietorship?
- a. Higher availability of funds
 - b. Ease of formation
 - c. Combined knowledge and skills
 - d. All of the above
91. A _____ does not have to file public financial statements with government agencies or send out quarterly financial statements to several thousand owners, as the corporations do.
- a. Companies

- b. Partnership
- c. Both a and b
- d. None of the above

92. In partnership, any profit that the Partnership generate must be shared among _____.

- a. All share holders
- b. Partners who contribute funds
- c. Original partner only
- d. None of the above

93. In partnership, in which of the following conditions it is difficult to arrive at a fair profit-sharing formula?

- a. All partners contribute equal amount of time, expertise and capital
- b. One partner puts in more money and other more time
- c. Both a and b
- d. None of the above

94. The main feature of a limited company is that it has a separate legal identity from that of its _____.

- a. Co-partners
- b. Individuals
- c. Owners
- d. None of the above

95. In case of a limited company all owners have limited liability. If the company collapses _____.

- a. The owners loose their personal assets in case the liability is more than the amount invested
- b. The owners loose the amount that they originally invested in the company
- c. The owners only lose the amount of profit
- d. All of the above

96. As a legal entity, a corporation has many of the rights, duties, and powers of a person. Which of the following right does a corporation have?

- a. Right to purchase property
- b. Right to own property
- c. Right to transfer property
- d. All of the above

97. _____ can enter into contracts with individuals or with other legal entities, and they can sue and be sued in court of law in their own name.

- a. Partnership
- b. Corporations
- c. Sole proprietors

- d. All of the above
98. The small companies that are privately held, their ownership is restricted to a small group of investors, and are called _____.
- a. Limited liability partnerships
 - b. Private partnership firms
 - c. Private limited companies
 - d. None of the above
99. In which of the following condition stockholders of publicly held companies can sell their shares of stock?
- a. When they need money
 - b. When they are disappointed with the performance of the company
 - c. When they expect that the stock price will not rise in the future
 - d. All of the above
100. A company is created or incorporated through a charter or article of incorporation?
- a. True
 - b. False
101. The organizational structure has three key components, including stockholders and directors. Which of the following is the third component?
- a. Assets
 - b. Finance
 - c. Management
 - d. None of the above
102. Which of the following is the legal right stockholders exercise in the company?
- a. They can attend annual general meeting
 - b. They can appoint employees
 - c. They can vote in BOD on matters that affect their dividend in accordance with its charter and by laws
 - d. None of the above
103. The stockholders elect a board of directors to govern and handle the overall management of the corporation.
- a. True
 - b. False
104. Small firms may have as few as 10 to 15 directors whereas large corporations usually have 3 directors?
- a. True
 - b. False

105. _____ often bring a fresh view to the corporation's activities because they are independent of the company.
- a. Executive directors
 - b. Outside directors
 - c. Chief executive officer
 - d. None of the above
106. Which of the following is the responsibility of executives who are hired by the board?
- a. They are responsible to manage daily production activities
 - b. They are responsible to achieve corporate goals and policies
 - c. They are responsible for maintenance of the equipment
 - d. None of the above
107. Top executive officers (such as CEO, CFO, President and others) are hired by ____.
- a. BOD
 - b. Security exchange and commission of Pakistan (SECP)
 - c. Managers
 - d. shareholders
108. Which of the following is the key advantage of the company?
- a. There are less regulatory control
 - b. Company is exempted from double taxation. No tax is paid on dividends paid to shareholders
 - c. They are separate legal entities that exist apart from their owners
 - d. None of the above
109. In Pakistan the _____ regulates companies for protecting interests of shareholders, creditors, other stakeholders and general public and inculcate principles of good governance.
- a. Security and exchange commission of Pakistan
 - b. Companies Act 2017
 - c. Economic Protection Act 1997
 - d. None of the above
110. Which of the following is not included in Partnership Act 1932?
- a. Procedure of registration
 - b. Procedure of dissolution
 - c. Rights and duties of partners
 - d. None of the above

111. Partnership has to abide by all laws relevant to the industry or profession in which it operates as well as provincial and federal laws relating to labour, safety, and environment and so on.
- a. True
 - b. False
112. Charities rely on a mixture of government grants and _____ donations for the fund they need.
- a. Public
 - b. Private
 - c. All of the above
 - d. None of the above
113. The _____ is one of the key attractions of running a business as sole proprietor.
- a. Higher availability of resources
 - b. Unlimited skill
 - c. Independence
 - d. None of the above
114. _____ in partnership makes it possible for the business to be run by a management team of specialists instead of by a generalist sole proprietor.
- a. Diversity of skills
 - b. Similarity of skills
 - c. Sharing of profit
 - d. All of the above
115. Which of the following individual has the legal right to transfer ownership in corporation at any time?
- a. Share holder
 - b. Sole proprietor
 - c. General partner
 - d. Limited partner
116. Mart is a firm formed by the four partners. Two of them manage the business affairs on day to day basis. The other two partners do not engage in the business activities but share the profits of the firm equally as per the partnership agreement. This is the example of?
- a. Sole proprietorship
 - b. Limited partnership
 - c. Company
 - d. All of the above

117. The executive officers of the company hired by BOD may also be _____.
a. Board members and stockholders
b. Lower level manager
c. Creditor and non-executive director
d. None of the above
118. _____ exist for risky investment projects where the chance of loss is great
a. Partnership firm
b. General partnership
c. Limited partnership
d. None of the above
119. There are limited liability partnerships which are similar to _____ except that partners are not held responsible for the business debt and liabilities.
a. Limited partnership
b. General partnership
c. Private company
d. None of the above
120. A, B and C by qualification are professional, form a firm with the name ABC associates. The total investment made by all partners is of Rs150,000. In which 75000 belongs to A, 50000 belongs to B and 25000 belongs to C. The partner A manages the affairs of firm singly and as per partnership agreement he is entitled to 50% share, whereas B is entitled to 33.33 % and C is entitled to 16.66 share of total profit. This is the example of Limited Liability Company.
a. True
b. False
121. W,X,Y and Z as per Partnership Act forms a partnership business in which all the partners participate in the management of the business whereas their liability is limited to percentage of their initial investment . This example refers to _____.
a. Limited liability partnership
b. Firm
c. Pvt. company
d. None of the above
122. Taxation can be both advantage and disadvantage of sole proprietorship.
a. True
b. False

123. _____ decisions by an entity might be affected by legal considerations. Like, decisions to relocate operations from one country to another could be affected by the differences in employment law in the two countries, or by new employment legislation and etc.
- a. Tactical
 - b. Operational
 - c. Strategic
 - d. All of the above
124. Which of the following statement is correct for partnership?
- a. The liability of all the partners is limited.
 - b. Higher resources are available to raise funds
 - c. There is ease of formation and dissolution
 - d. All of the above
125. Which of the following requirement is not applicable to partnership firms?
- a. Annual filing of returns
 - b. Audit of financial statement
 - c. Holding of annual general meeting
 - d. All of the above
126. For a _____ of a company, risk of noncompliance with the requirement of the Act-2017 must be in sight.
- a. Stakeholder
 - b. General public
 - c. Business manager
 - d. Shareholder
127. The _____ which do not comply with the requirement of the Act will be subject to penalties imposed for the relevant offence.
- a. Private company
 - b. Public company limited by shares
 - c. Public company limited by guarantee
 - d. All of the above
128. Companies incur certain cost, with respect to incorporation, human resources, audit of financial statements, holding of annual general meetings, record keeping etc:
- a. To comply with the requirements of the Act
 - b. To meet the goals of the SECP
 - c. To meet the desire of shareholders
 - d. All of the above

129. In addition to _____, there are other corporate law and regulation that are applicable to companies.
- a. Companies Act 2017
 - b. Income tax rules
 - c. International laws
 - d. None of the above
130. In Pakistan to form a _____ it is required to complete the requirements for incorporation, management, operations and winding up of companies, provided in the Companies Act, 2017 (the Act).
- a. Partnership
 - b. Sole proprietor ship
 - c. Public or private company
 - d. All of the above
131. In Pakistan _____ promulgated Companies Act 2017.
- a. FBR
 - b. SECP
 - c. National Assembly
 - d. None of the above
132. The _____ affecting an entity, and the possibility of major new laws or regulations in the future has an impact on how businesses operate.
- a. Business affairs
 - b. Laws and regulations
 - c. Financial problem
 - d. None of the above
133. Which of the following is the disadvantage for companies?
- a. Unlimited liability
 - b. Higher regulatory control
 - c. Limitation of growth
 - d. All of the above
134. Which of the following is not a benefit for sole proprietorship?
- a. Ease of dissolution
 - b. High taxation
 - c. Limited liability
 - d. All of the above

ANSWER KEY TO CHAPTER 2

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	a	35	a	69	e	103	a
2	d	36	b	70	a	104	b
3	d	37	a	71	b	105	b
4	a	38	a	72	b	106	b
5	b	39	a	73	d	107	a
6	b	40	b	74	d	108	c
7	b	41	c	75	a	109	b
8	b	42	d	76	c	110	d
9	a	43	b	77	b	111	a
10	b	44	b	78	b	112	b
11	b	45	d	79	c	113	c
12	d	46	a	80	b	114	a
13	b	47	c	81	b	115	a
14	a	48	a	82	d	116	b
15	d	49	b	83	b	117	a
16	c	50	b	84	c	118	c
17	d	51	d	85	a	119	b
18	d	52	a	86	b	120	b
19	c	53	b	87	b	121	a
20	c	54	c	88	b	122	a
21	b	55	c	89	d	123	c
22	a	56	d	90	b	124	b
23	a	57	d	91	b	125	d
24	a	58	b	92	d	126	c
25	a	59	b	93	b	127	d
26	c	60	a	94	c	128	a
27	a	61	d	95	b	129	a
28	a	62	c	96	d	130	c
29	d	63	a	97	b	131	d
30	a	64	b	98	c	132	b
31	b	65	d	99	d	133	b
32	c	66	c	100	a	134	c
33	a	67	c	101	c		
34	a	68	a	102	a		

CHAPTER 3

ORGANIZATION OF BUSINESS

1. Which of the following is the formal arrangement within an organization that defines how activities and tasks are formally divided and how processes and information would flow within the structure in order to achieve the goals and objective of an organization?
 - a. Management structure
 - b. Administrative structure
 - c. Super structure
 - d. Organizational Structure
2. Which of the following is the purpose of having an organizational structure?
 - a. Divides work to be done into specific jobs and departments
 - b. Assigns tasks and responsibilities associated with individual jobs
 - c. Coordinates diverse organizational tasks
 - d. All of the above
3. Which of the following is purpose of having an organizational structure?
 - a. Clusters jobs into units
 - b. Establishes relationships among individuals, groups, and departments
 - c. Establishes formal lines of authority
 - d. All of the above
4. Allocating and deploying organizational resources is one of the purposes of having an organization structure?
 - a. True
 - b. False
5. Simply stated, an organizational structure describes how a company, division, team or other organization is _____ and how all of its various _____ fit together.
 - a. created, resources
 - b. built, components
 - c. wound up, assets
 - d. None of the above
6. Which of the following activities an organizational structure consists of?
 - a. Task allocation
 - b. Coordination
 - c. Supervision
 - d. All of the above

7. An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of _____ in an effective and efficient manner.
- Professional goals
 - Personal aims
 - Organizational aims
 - Team resources
8. Choosing the correct management structure ensures:
- An organization's continued growth
 - Content employees
 - profitable returns for the shareholders
 - All of the above
9. Which of the following is result of choosing a wrong structure?
- Creating tensions between employees and managers
 - Allowing inefficient work practices to flourish
 - Reducing company profitability
 - All of the above
10. In a worst case scenario, which of the following is the result of choosing a wrong management structure?
- Losses
 - Inefficient work force
 - Wastage of resources
 - Company closure
11. Unfortunately, many managers take it for granted that their organization's management structure is correct, static and never requires changing.
- True
 - False
12. Due to which of the following factor there is a need to continually assess the suitability of a company's management structure?
- Change in share holding pattern
 - Change in senior management
 - Decrease in pace of change
 - Increase in pace of change
13. In today's fast changing business environment, which of the management structure provides a flexible and ready means for growth?
- Static management structure
 - Dynamic management structure

- c. Bureaucratic management structure
 - d. Weber management structure
14. Organizational structures in all entities is the same.
- a. True
 - b. False
15. The organizational structure of an entity should be appropriate for _____.
- a. The size of the entity
 - b. The nature of its operations
 - c. What it is trying to achieve
 - d. All of the above
16. Most importantly, the organizational structure must enable the entity to develop _____ and implement them effectively and efficiently.
- a. Employees
 - b. Human Resources
 - c. Plans
 - d. None of the above
17. Is it possible to have mixture of machine of different organizational structures in different parts of a single entity, particularly a large one?
- a. Yes
 - b. No
18. Which of the following is not an approach on the basis of which an organizational structure could be based?
- a. Nature of work
 - b. Age of the employees
 - c. Outsourcing of non-core activities
 - d. Virtual network of independent companies
19. Which of the following is an approach on the basis of which an organizational structure could be based?
- a. Nature of work
 - b. Traditional departmentalization
 - c. Contemporary and team based
 - d. All of the above
20. An organizational structure that is based upon function, product, process, customer or geographic area is an example of
- a. Nature of work approach
 - b. Traditional departmentalization approach

- c. Contemporary and team based approach
 - d. Outsourcing of non-core activities approach
21. 'Matrix' and 'committee' are examples of contemporary and team based approach of organizational structure.
- a. True
 - b. False
22. Contemporary and team-based approach of organizational structure such as 'Matrix' and 'committee' are more dynamic and assemble employees to respond _____ to dynamic business environments.
- a. Slowly
 - b. Quickly
 - c. Moderately
 - d. None of the above
23. In outsourcing approach of an organizational structure, is it possible to outsource core activities of the organization to specialized vendors?
- a. Yes
 - b. No
24. In a manufacturing concern, which of the following is a non-core activity that can be outsourced to specialized vendors, in view of outsourcing approach of organization structure?
- a. Accounting
 - b. IT function
 - c. Both a and b
 - d. Manufacturing
25. In the current business environment, which of the following is the "new trend" in designing the organizational structure of an entity?
- a. Nature of work approach
 - b. Traditional departmentalization approach
 - c. Contemporary and team based approach
 - d. Virtual network of independent companies linked through IT platforms
26. Which of the following is a basic organizational structure that might exist within any entity or part of an entity?
- a. An entrepreneurial structure
 - b. A functional structure
 - c. A divisional structure
 - d. All of the above

27. Which of the following is the fourth basic organizational structure that might exist within any entity or part of an entity?
- a. Geographic structure
 - b. A matrix organization
 - c. Product structure
 - d. Customer Structure
28. An entrepreneurial organization is an entity that is managed by _____.
- a. Its employees
 - b. Formal management structure
 - c. Its entrepreneurial owner
 - d. Functional management structure
29. The main features of an entrepreneurial organization are usually that:
- a. The entrepreneur takes all the main decisions and does not delegate decision-making to anyone else
 - b. The entity is therefore organized around the entrepreneur and there is no formal management structure
 - c. Operations and processes are likely to be simple, and the entity will probably sell just a small number of products or services
 - d. All of the above
30. For an entity, an entrepreneurial organizational structure is appropriate in which phase of its life.
- a. Early
 - b. Middle
 - c. Growing
 - d. Advanced
31. The entrepreneur has a _____ connection with its employees.
- a. Intermittent
 - b. Formal
 - c. Direct
 - d. Indirect
32. As an organization grows larger an entrepreneurial structure will become _____.
- a. Efficient
 - b. Effective
 - c. Inefficient
 - d. Necessary

33. As an organization grows larger an entrepreneurial structure will become inefficient and _____ management structure is needed.
- Entrepreneurial
 - Formal
 - Flexible
 - Informal
34. A functional organization groups together people who have comparable skills and perform _____ tasks.
- Efficient
 - Similar
 - Diverse
 - Non parallel
35. Organization that has functional structure group its people by their _____ such as accountants are grouped together, as are people in finance, marketing and sales, human resources, production, and research and development.
- Seniority
 - Interests
 - Business functions
 - None of the above
36. Functional form of organization that group its people by business functions is fairly typical for _____ companies.
- Small size
 - Medium to large-size
 - Small to medium-size
 - Large size
37. _____ group their people by business functions: accountants are grouped together, as are people in finance, marketing and sales, human resources, production, and research and development.
- Entrepreneurial
 - Divisional structure
 - Functional structure organization
 - None of the above
38. In functional organization, each unit is headed by an individual with _____ in the unit's particular function.
- Team
 - Expertise
 - Management
 - Efficiency

39. In functional organizations, there are advantages of homogeneity, on the other hand homogeneity has drawbacks as well.
- True
 - False
40. In functional organizations _____ can hinder communication and decision making between units and even promote interdepartmental conflict.
- Diversity
 - Homogeneity
 - Homo sapiens
 - All of the above
41. There are a number of advantages to the functional approach. The structure is complex to understand; however, it enables the staff to be specialized in particular areas.
- True
 - False
42. In an organization that has a functional structure, each _____ has its own management structure and its own staff.
- Management
 - Team
 - Function
 - Division
43. In an organization that has a functional structure, the _____ sits on top of the organizational chart.
- Managing director
 - Executive directors
 - Chief Executive Officer
 - Board of directors
44. Which one of the following is advantage for functional structure?
- It enables the staff to be specialized in multiple areas
 - It specializes the staff in particular areas
 - It hinders homogeneity
 - All of the above
45. It is the advantage of functional organization that its structure is simple to understand and it enables the staff to be specialized in particular areas.
- True
 - False

46. Large companies often find it unruly to operate as one large unit under a functional organizational structure. Sheer size makes it difficult for managers to oversee operations and serve customers. To rectify this problem, most large companies are structured as ____.
- Divisional organization
 - Entrepreneurial organization
 - Functional organization
 - None of the above
47. For small companies, it is difficult to operate as one unit under a functional organizational structure because of its nature and size of the business.
- True
 - False
48. In a divisional organizational, the divisions are similar in many respect to stand alone companies.
- True
 - False
49. Each division of divisional organization contains _____ headed by functional expertise.
- Divisional units
 - Divisional department
 - Functional units
 - None of the above
50. Each division functions relatively autonomously because it contains most of the _____ expertise needed to meet its objectives.
- Team-based
 - Functional
 - Task-oriented
 - None of the above
51. In divisional organization despite each division contains functional expertise, this is a challenge to find the most appropriate way of structuring operations to achieve overall company goals. Therefore, divisions can be formed according to _____.
- Expertise, professionals
 - Goals, objectives and strategies
 - Products, customers, processes or geography
 - None of the above
52. Product division means that a company is structured according to its _____.
- Product lines

- b. Production lines
 - c. Process type
 - d. Customer types
53. In _____ each division has its own research and development group, its own manufacturing operations, and its own marketing team.
- a. Process division
 - b. Geographic division
 - c. customer division
 - d. Product division
54. Which of the following statement is correct with respect to product division?
- a. In this a company is structured according to its production lines
 - b. This allows the individuals in the division to focus all their efforts on the products produced by their division
 - c. The above both statements belong to process division.
 - d. None of the above.
55. In a divisional organization, _____ enables the companies to better serve their various categories of customers.
- a. Demographic division
 - b. Customer division
 - c. Consumer care division
 - d. Product division
56. James & Johnsons are operating companies and are grouped into three business segments: consumer business (personal-care and hygiene products sold to the general public), pharmaceuticals (prescription drugs sold to pharmacies), and professional business (medical devices and diagnostics products used by physicians, optometrists, hospitals, laboratories, and clinics). This is an example of _____.
- a. Product division
 - b. Customer division
 - c. Process division
 - d. Geographical division
57. If goods move through several steps during production, a company might opt for a _____ structure.
- a. Goods division
 - b. Production division
 - c. Process division
 - d. Product division

58. Bowater Thunder Bay is a leading company in Canada. It harvests trees and processes wood into newsprint and pulp. This is the example of _____.
a. Process division
b. Operational division
c. Product division
d. All of the above
59. _____ enables companies that operate in several locations to be responsive to customers at a local level.
a. Customer division
b. Customer care
c. Geographical division
d. All above
60. Geographical divisional organization is organized according to the _____ of the world in which it operates.
a. Regions
b. Sector
c. Environment
d. None of the above
61. Each division of geographical based organization reports its performance _____ in their annual reports.
a. Collectively
b. Separately
c. Simultaneously
d. Wholly
62. Which of the following statement belongs to Divisional Organization?
a. It usually enhances the ability to respond to changes in a firm's environment
b. Corporate services are duplicated, which results in higher cost
c. Both a and b
d. None of the above
63. It is the disadvantage of divisional structure organization that it results in higher cost as services like accounting and human resources are separate for each division. Is it true?
a. True
b. False
64. Unilever is a large company, having _____ organizational structure as the organization is dived into components based on their product focus.
a. Product type divisional

- b. Process type divisional
 - c. Customer type divisional
 - d. Geographical type division
65. Unilever produces personal care, foods, home care and refreshment products in its organization. This is the example of _____.
- a. Process division
 - b. Customer division
 - c. Geographical division
 - d. Product type division
66. "Any organization that employs a multiple command system that includes not only a multiple command structure but also related support mechanisms and an associated organizational culture and behavior pattern". This is a definition of _____ as per Davis and Lawrence 1977.
- a. Divisional organization
 - b. Functional organization
 - c. Matrix organization
 - d. None of the above
67. A _____ organizational structure doesn't follow the traditional, hierarchal model.
- a. Functional
 - b. Divisional
 - c. Matrix
 - d. None of the above
68. Which of the following statement is not correct for matrix structure?
- a. All employees have dual reporting relationships
 - b. It places emphasis on 'getting the job done' rather than each manager defending his or her own position
 - c. All of the above
 - d. None of the above
69. The matrix organization is also called the _____ approach of organizational structure.
- a. Traditional management
 - b. Functional management
 - c. Project management
 - d. None of the above
70. Each employee in matrix organization has _____ direct supervisors.
- a. 3
 - b. 5
 - c. 4

d. 2

71. In matrix organization each employee has two direct supervisors: the HR manager and project manager.
- a. True
 - b. False
72. Matrix organization and project organization structures were both first used in the _____ and _____ industries, where companies were required to carry out major projects for customers, such as building a quantity of aircraft for a government customer.
- a. Defense, aerospace
 - b. Manufacturing, construction
 - c. Automotive, aerospace
 - d. None of the above
73. To solve the problems of which of the following, matrix structure was introduced?
- a. Project management
 - b. Traditional functional structure
 - c. Traditional departmentalization
 - d. Centralization
74. In _____ the traditional vertical command structure has an overlay of horizontal authority or influence.
- a. Functional organization
 - b. Divisional organization
 - c. Matrix organization
 - d. All of the above
75. There is no difference between matrix and project organization. Both come to an end when the project ends.
- a. True
 - b. False
76. Matrix structure
- a. Defends the position of manager
 - b. Encourages communication
 - c. Discourages project management
 - d. All of the above

77. XYZ Company has a division of coffee and related products, another division for baked goods and another division for merchandise mugs. This means the company focuses on product development. This is the example of _____.
- a. Customer division
 - b. Product and process division
 - c. Product-based division
 - d. Process-based division
78. _____ does not have head office and operational premises
- a. Traditional company
 - b. Virtual company
 - c. Construction company
 - d. All of the above
79. _____ might not have any employees or assets
- a. Matrix organization
 - b. Divisional organization
 - c. Traditional organization
 - d. Virtual organization
80. Which of the following is the mean of operating virtual organization?
- a. Manual systems
 - b. Specialized employees
 - c. Conventional Communication networks
 - d. IT systems and communication network
81. Which of the following statement is true for virtual organization?
- a. It might not have any employees or assets
 - b. It is operated by means of specialized business partners for outsourcing key operations
 - c. All of the above
 - d. Both a and b are true for geographical division
82. Which of the following element is considered in building an organizational structure?
- a. Departmentalization
 - b. Chain of command
 - c. Work specialization
 - d. All of the above
83. Which one of the following is one of the element that is very basic and applicable to every type of organization?
- a. Chain of command
 - b. Work specialization

- c. Departmentalization
 - d. All of the above
84. Chain of command refers to an unbroken line of authority that extends from _____ and clarifies who reports to whom.
- a. Side to side
 - b. Top to bottom
 - c. Bottom to top
 - d. All of the above
85. CEO ---- VP ----- Director ----- Sr. Manager ----- Manager. This line of authority is the example of _____.
- a. Short chain of command
 - b. Horizontal line of authority
 - c. Long chain of command
 - d. None of the above
86. The organization in which chain of command is long the manager of such organization is responsible to report to _____.
- a. Director
 - b. Senior manager
 - c. Vice president
 - d. None of the above
87. Span of control refers to the number of subordinates a superior can effectively manage. The higher the ratio of subordinates to superiors the narrower the span of control.
- a. True
 - b. False
88. On which of the following span of control depends?
- a. Manager financial strength
 - b. Manager personal conduct
 - c. Manager capabilities
 - d. All of the above
89. On which of the following span of control does not depend?
- a. Manager age group
 - b. Level of cohesiveness within the team
 - c. Nature of manager's workload
 - d. None of above

90. The company that has many layers of management from the top down to supervisor level, it has _____ span of control and _____ shape of organization structure.
- Tall, narrow
 - Tall, flat
 - Narrow, tall
 - Wide, flat
91. In tall-narrow span of control the span of controls is narrow and the shape of the organization structure is tall.
- True
 - False
92. In wide-flat span of control each manager has a large number of subordinates reporting to him. Hence, the shape of organization structure is wide and the span of control is flat.
- True
 - False
93. In decentralization, the authority to take major decisions is delegated to the management of units at lower level as it is considered that they have much better knowledge than senior managers.
- True
 - False
94. Matrix structure organization follows _____ in decision making.
- Centralization
 - Decentralization
 - Both a and b
 - None of the above
95. _____ of the entity also influence the extent to which decision making, planning and control are centralized or decentralized?
- Chain of command
 - Span of control
 - Size and complexity
 - All of the above
96. Which of the following is the advantage of centralization?
- In a large and complex organization, many decisions have to be made by junior managers probably too many for senior management at head office
 - Giving authority to managers at divisional level and below helps to motivate the management team
 - In a crisis, it is easier to make important decisions centrally

d. All of the above.

97. Which of the following statement refers to decentralization?

- a. Tactical and operational decisions are probably better when taken by local management, particularly in large organization
- b. Operational decisions when taken by upper level managers are better
- c. Tactical and operational decisions are probably better when taken by local management, particularly in small organization
- d. All strategic decisions are taken by upper level managers as they have much better knowledge than senior manager

98. Which of the following is not the advantage of decentralization?

- a. Tactical and operational decisions are probably better when taken by local management
- b. Giving authority to managers at divisional level and below helps to motivate employees
- c. Particularly in small organization, tactical decisions are probably better when taken by junior managers
- d. None of the above

99. Mechanistic organization is characterized as _____.

- a. Flat organizational structure
- b. Centralized organizational structure
- c. Functional organization
- d. Tall organizational structure

100. Organic organization is characterized as _____.

- a. Flat organizational structure
- b. Decentralized organizational structure
- c. Narrow organizational structure
- d. Tall organizational structure

101. Tall (mechanistic) organization has _____ work specialization.

- a. High degree
- b. Low degree
- c. Long
- d. None of above

102. Flat (organic) organization has _____ work specialization

- a. High degree
- b. Between high and low
- c. Low degree
- d. Wide

103. Work specialization in flat organization is of high degree.
- True
 - False
104. Tall organization has _____ departmentalization.
- Dynamic
 - Rigid
 - Flexible
 - Contemporary
105. Organic organization has _____ departmentalization
- Fragile
 - Static
 - Wide
 - Loose
106. Management has many levels in _____.
- Tall organization
 - Entrepreneurial organization
 - Matrix organization
 - Geographical organization
107. Management has few levels in _____.
- Mechanic organization
 - Narrow organization
 - Functional organization
 - Flat organization
108. In tall organization span of control is _____.
- Wide
 - Flat
 - Long
 - Narrow
109. In organic organizational structure span of control is _____.
- Flat
 - Wide
 - Tall
 - Narrow
110. Mechanic organizational structure follows _____ decision making.
- Decentralized

- b. Centralized
 - c. Strategic
 - d. All of the above
111. Organic organization structure follows _____ decision making.
- a. Tactical
 - b. Centralized
 - c. Decentralized
 - d. None of above
112. Chain of command is _____ in flat organization structure
- a. Long
 - b. Wide
 - c. Narrow
 - d. Short
113. In tall organization there is more traditional departmentalization and decision making is centralized.
- a. True
 - b. False
114. Armed forces structure is the example of _____.
- a. Tall organization
 - b. Organic organization
 - c. Narrow organization
 - d. Matrix organization
115. Which of the following is not the example of Flat organization?
- a. Amazon
 - b. Nike
 - c. Armed forces
 - d. Universities
116. Walmart and Samsung are the example of Tall organization.
- a. True
 - b. False
117. Google, Amazon and Nike are the examples of _____.
- a. Flat organization
 - b. Mechanic organization
 - c. Functional organization
 - d. None of the above

118. In building an organizational structure the size of the organization and stability of its _____ play a key role.
- a. Internal environment
 - b. External environment
 - c. Both a and b
 - d. None of the above
119. Restricted view of organizational goals is represented by deploying a _____.
- a. Vertical structure
 - b. Divisional Structure
 - c. Horizontal Structure
 - d. Functional Structure
120. Shared task division is encouraged at _____.
- a. Linear structure
 - b. Vertical structure
 - c. Horizontal structure
 - d. Compound structure
121. Managers not having control over many activities is a drawback of _____.
- a. Matrix Structure
 - b. Network Structure
 - c. Vertical Structure
 - d. Horizontal Structure
122. Specialized task division takes place at _____.
- a. Computed structure
 - b. Vertical structure
 - c. Complex structure
 - d. Horizontal structure
123. An organization designed for efficiency, emphasizes on _____.
- a. Centralization
 - b. Horizontal communication
 - c. Decentralization
 - d. Vertical communication
124. To achieve vertical linkages, the first vertical device is _____.
- a. Management information system
 - b. Plans
 - c. Rules
 - d. Hierarchical Referral

125. When an organization have a matrix structure, it needs to have _____.
a. Technical expertise
b. Product innovation
c. Effectiveness
d. Both A and B
126. A device named task force is an effective horizontal linkage for _____.
a. Temporary issues
b. Permanent issues
c. Complex issues
d. Simpler issues
127. An organization that emphasizes vertical communication and control, is designed for _____.
a. Efficiency
b. Learning
c. Adaptation
d. Innovation
128. A contemporary learning organization designed for adaptation, emphasizes on _____.
a. Horizontal communication
b. Vertical communication
c. Centralization
d. Decentralization
129. The disadvantage of putting great effort to maintain power balance, is offered by _____.
a. Divisional Structure
b. Matrix Structure
c. Virtual Structure
d. Functional Structure
130. Activities are grouped by common function from bottom to the top of the organization, in _____.
a. Divisional Structure
b. Functional Structure
c. Horizontal Structure
d. Vertical Structure
131. Divisional organizational structure makes integration _____.
a. Easy
b. Difficult
c. Possible

- d. Impossible
132. Organization structure designates relationships of ____.
- a. Formal reporting
 - b. Informal reporting
 - c. Authority
 - d. Dynamism
133. The structure that makes complex decisions and frequent changes in unstable environment is called ____.
- a. Divisional Structure
 - b. Functional Structure
 - c. Matrix Structure
 - d. Virtual Structure
134. Organizations that peruse a cost minimization strategy are more likely to choose ____ structure.
- a. Functional
 - b. Mechanistic
 - c. Departmentalized
 - d. Organic
135. A ____ organization uses flat, cross- hierarchal and cross- functional team, has low formalization, possesses a comprehensive information network, and involves high participation in decision making.
- a. Mechanistic
 - b. Strategy
 - c. Organic
 - d. Routine
136. The ____ model has extensive departmentalization, high formalization, a limited information network and little participation by low level members in decision making
- a. Mechanistic
 - b. Strategy
 - c. Organic
 - d. Routine
137. A ____ relies primarily on outsourcing
- a. Team structure
 - b. Boundary less organization
 - c. Virtual organization
 - d. Strategic alliance

138. Which of the following is an advantage of matrix organization?

- a. Clear organizational structure
- b. Coordination of complex and interdependent activities
- c. Elimination of power struggles
- d. All of the above

139. The _____ combines two forms departmentalization; functional and product

- a. Simple structure
- b. Virtual organization
- c. Bureaucracy
- d. Matrix structure

140. Most small business is organized as _____.

- a. Simple structures
- b. Matrix structures
- c. Virtual organization
- d. Bureaucracies

141. _____ is the degree to which decision making is concentrated at a single point in the organization.

- a. Chain of command
- b. Centralization
- c. Formalization
- d. Departmentalization

142. Which of the following is not true of "Function Organizations"?

- a. Function organization are fairly effective in unstable environment, where they are part of heterogeneous, global market
- b. There is an inherent ease of control and review in function organizations
- c. There is low level of duplication of work and internal competition
- d. It is slow to adapt to market needs

143. Strategic Business Units are found in which of the following?

- a. Function Organizations
- b. Matrix Organizations
- c. Machine Bureaucracies
- d. Divisionalised organizations
- e. Adhocracies

144. The division of roles and responsibility is of prime importance in _____ Organization. Who should do what and under what conditions? Who has the authority in a particular case? Could conflicts arise from a particular situation? Power struggles and unnecessary conflicts of interest can loom where there is a lack of clarity. Fill in the blank with the right word from below.
- a. Machine Bureaucracy
 - b. Matrix
 - c. Function
 - d. Professional Bureaucracy
 - e. Simple Structure
145. Multiple reporting relationships is a characteristic of which of these structure of organizations?
- a. Function
 - b. Division
 - c. Matrix
 - d. None of the above
 - e. All of the above
146. Matrix organization suffers from which of the following disadvantages?
- a. Navel Gazing
 - b. Power Struggle
 - c. Ambiguous responsibilities
 - d. All of the above
147. Division organizations are structured around a particular product, geographical area or customer group. Which one is an advantage of division organizations?
- a. They help build specialization in the employees
 - b. It discourages internal competition and reduces duplication of work
 - c. Divisions can work as companies within companies and therefore provide advantage of smaller companies to bigger companies
 - d. It helps in realizing economies of scale
 - e. It reduces internal pricing problems
148. In hospitals, the following type of departmentation is common _____.
- a. By function
 - b. By committee
 - c. By geographical region
 - d. All of the above
149. What is the term for organizational development through a formally designed organizational structure?
- a. Organic
 - b. Mechanistic

- c. Formal
- d. Structured

150. What is not an advantage of a hierarchical structure?

- a. Clear chain of command
- b. Quick response to change
- c. Discipline and stability
- d. Small span of control

151. What is a virtual organization?

- a. organization that uses information and communications technologies(ICT's) to coordinate activities without physical boundaries between different functions
- b. An organization that uses internet technologies to sell products to customers
- c. An organization that manages the supply chain using digital technologies
- d. An organization that coordinates the workforce via video conferencing

152. What is not a purpose of an organizational structure?

- a. To coordinate people and resources
- b. To organize lines of communication
- c. To formalize authority
- d. To limit workers' rights

153. Terminology that defines the degree to which activities within an organization are subdivided is known to be _____.

- a. Departmentalization
- b. Deveining
- c. Formalization
- d. Work Specialization

154. Small span leaves vertical communications _____.

- a. Biased
- b. Unresolved
- c. Complex
- d. Unanswered

155. The formalization technique followed in a organic approach is said to be _____.

- a. Low
- b. High
- c. Condition dependent
- d. No specialization

156. Supervision of employees is greatly enhanced through enabling small span, but is _____.
- a. Time consuming
 - b. Resource consuming
 - c. Expensive
 - d. Complex
157. A hybrid that is often used is to combine the functional structure with the _____.
- a. Vertical structure
 - b. Horizontal structure
 - c. Divisional structure
 - d. Virtual structure
158. Dynamic capabilities are an organization's capacity to have an effective _____.
- a. Competitive advantage
 - b. Configuration
 - c. Rariness
 - d. Critical value
159. At the closure phase of entrepreneurial stage, the organization needs to provide _____.
- a. Delegation
 - b. Control system
 - c. Leadership
 - d. Development of teamwork
160. _____ is a formal arrangement of activities that bring efficiency and effectiveness for the achievement of business/organizational goals.
- a. Organization
 - b. Organizational structure
 - c. Organizational Management
 - d. None of the above
161. Matrix management violates the management principle of _____.
- a. Cost Efficient
 - b. Effective Performance
 - c. Performance measures
 - d. Unity of Command

ANSWER KEY TO CHAPTER 3

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	d	42	c	83	a	124	d
2	d	43	d	84	b	125	d
3	d	44	b	85	c	126	a
4	a	45	a	86	b	127	a
5	b	46	a	87	b	128	a
6	d	47	b	88	c	129	b
7	c	48	a	89	a	130	b
8	d	49	c	90	c	131	b
9	d	50	b	91	a	132	a
10	d	51	c	92	b	133	c
11	a	52	a	93	a	134	b
12	d	53	d	94	b	135	c
13	b	54	b	95	c	136	a
14	b	55	b	96	c	137	c
15	d	56	b	97	a	138	b
16	c	57	c	98	c	139	d
17	a	58	a	99	d	140	a
18	b	59	c	100	a	141	b
19	d	60	a	101	a	142	a
20	b	61	b	102	c	143	d
21	a	62	c	103	b	144	b
22	b	63	a	104	b	145	c
23	b	64	a	105	d	146	d
24	c	65	d	106	a	147	c
25	d	66	c	107	d	148	a
26	d	67	c	108	d	149	b
27	b	68	d	109	b	150	b
28	c	69	c	110	b	151	a
29	d	70	d	111	c	152	d
30	a	71	b	112	d	153	d
31	c	72	a	113	a	154	c
32	c	73	b	114	a	155	a
33	b	74	c	115	c	156	c
34	b	75	b	116	a	157	c
35	c	76	b	117	a	158	b
36	c	77	c	118	b	159	c
37	c	78	b	119	d	160	b
38	b	79	d	120	c	161	d
39	a	80	d	121	b		
40	b	81	c	122	b		
41	b	82	d	123	d		

CHAPTER 4

SOURCES OF BUSINESS FINANCE

1. To achieve goals and objectives of a business, which of the following is critical to decide as to which type of financing is required to maximize shareholders' value?
 - a. Strategic management
 - b. Human resource management
 - c. Information Technology management
 - d. Financial management
2. In making decisions regarding the type of financing, the financial management achieve the objective of maximizing shareholder value through a mix of:
 - a. Debt or equity financing
 - b. Short-term and long-term financing
 - c. Both a and b
 - d. None of the above
3. Which of the following should the financing decision be ultimately based upon?
 - a. Optimal capital structure
 - b. Value maximization for shareholders
 - c. Both a and b
 - d. None of the above
4. What does any company, whether small or big, need in order to operate? Select only one option.
 - a. Assets
 - b. Land
 - c. Machines
 - d. Money
5. Which of the following is critical to the success of all company?
 - a. Factory
 - b. Workers
 - c. Finance
 - d. Tangible assets
6. Financial management is the art and science of _____ so that it can meet its goals and objective.
 - a. Retaining company's profit
 - b. Managing company's funds

- c. Cutting down on company's expenses
 - d. Preparing financial statements
7. Financial management is the art and science of managing company's fund. The science part belongs to optimum use of resources and art belongs to analyzing data and cash flow.
- a. True
 - b. False
8. Which of the following statement is correct with respect to financial manager?
- a. Financial manager is need a broad understanding of their company's business as well as leadership ability and creativity
 - b. Financial manager primary goal is to maximize the value of the company to its owner's measured by the share price or value of stocks
 - c. Both a and b
 - d. None of the above
9. Although stakeholders are the company's key players and directly or indirectly are part of the organization, they are not concerned with financial management of the organization.
- a. True
 - b. False
10. Knowledge of accounting and _____ plays a critical part in understanding the concept of financial management.
- a. Marketing
 - b. Accounting terminologies
 - c. Management
 - d. Finance
11. On the basis of sources of generation of funds, which of the following is the internal source of finance?
- a. Debenture
 - b. Bank loan
 - c. Equity share capital
 - d. All of the above
12. Balance sheet, income statement, and cash flow statement are the sources of finance for financial management.
- a. True
 - b. False

13. Which of the following financial statements is a source of information for financial management of a company?
- a. Balance sheet
 - b. Income statement
 - c. Cash flow statement
 - d. All of the above
14. _____ focus on cash flow management.
- a. Financial managers
 - b. Company secretary
 - c. production managers
 - d. Company managers
15. In balance sheet, assets and liabilities are sources of finance.
- a. True
 - b. False
16. Liabilities and shareholder's equity are the _____ for the company
- a. Responsibility
 - b. Resources
 - c. Sources of finance
 - d. None of above
17. Which of the following is not the provision to achieve an efficient capital structure?
- a. Abundant cash out flows compare to inflows
 - b. Availability of adequate cash for day to day expenses
 - c. A suitable balance between short term and long term funding
 - d. A suitable balance between equity and debt in the long term
18. Financial managers have thorough command on their key activities that are _____.
- a. Financial planning, investing funds money and raising funds
 - b. Planning and raising assets
 - c. Planning and borrowing money
 - d. None of the above
19. The value of the company to its owner is measured by the share price or value of stocks.
- a. True
 - b. False

20. Finance is critical to the success of all companies therefore the role of _____ is also critical for the overall success of a company.
- Auditor
 - Human recourse manager
 - Financial manager
 - None of the above
21. Which of the following is the primary goal of financial manager?
- To maximize the assets of company
 - To increase long term funding
 - To maximize company's value to its owners
 - To increase equity financing
22. Risk-return trade-off is the concept to ensure optimum use of resources which means that the _____ the risk, the _____ the return.
- higher, lower
 - lower, higher
 - greater, lower
 - higher, greater
23. Which of the following is the factor which may result in potential risk?
- Changing pattern of market demand
 - Interest rates
 - General economic condition
 - All of the above
24. A company must use its available revenues and profits for the projects like expanding business into new markets or locations, rather than seeking funds from external lenders or investors.
- True
 - False
25. In raising funds through debt financing, organisations can borrow money through banks or it can be done publicly through _____.
- Share issues
 - Debt issues
 - Both a and b
 - None of the above
26. Debt issues are known as _____, which allow a wide number of investors to become lenders to the organization.
- Corporate debentures
 - Corporate bonds

- c. Corporate preference shares
- d. Long term payable

27. On the basis of ownership which of the following is the source of finance with respect to borrowed funds?

- a. Equity shares
- b. Retained earnings
- c. Public deposits
- d. None of the above

28. Interest is paid on money borrowed but the interest paid on debt is typically tax deductible. Is it correct?

- a. Yes
- b. No

29. Any company whether its small grocery shop or a large fast moving consumer goods company need _____ to operate. Choose the most appropriate.

- a. Employees
- b. Technology
- c. Funds
- d. None of the above

30. An organization can also raise capital by selling its ownership in the form of _____ to investors. This is known as equity funding.

- a. Assets
- b. Shares
- c. Debauchers
- d. Dividends

31. Which of the following is a drawback of equity financing?

- a. Profits are divided among all shareholders including new ones in the form of dividend
- b. Shareholders have voting rights; therefore, equity financing makes the management control weaker
- c. Both a and b
- d. None of the above

32. Another way of equity financing is through retaining earnings in the business by not fully distributing the profits to shareholders as dividend.

- a. True
- b. False

33. Short term finance is for a period normally.
- Less than a year
 - More than a year
 - More than 2 years but less than 3 years
 - None of above
34. In business short term finance is also known as _____.
- Capital financing
 - Equity financing
 - Working capital financing
 - One-year financing
35. On the balance sheet, short term financing is shown as _____.
- Current assets
 - Current liability
 - Long term liability
 - Noncurrent liability
36. Short term finance is used to finance current assets and support _____.
- Needy employees
 - Community
 - Operation
 - None of the above
37. Short term financing is needed because of uneven _____ into the business.
- Profit
 - Revenue
 - Flow of cash
 - None of the above
38. Which one of the following is an example of short term financing?
- Trade credit
 - Debentures
 - Bonds
 - All of the above
39. Trade credit is _____ mode of financing.
- Secured
 - Safe
 - Unsecured
 - Unsafe

40. Which of the following is not the advantage of trade credit?
- It gives increased purchasing power to the organization
 - The organization does not have to pay any interest cost
 - The organization may lose discounts
 - No specific collateral is required
41. The specific type of loan that an organization obtains may depend on its reasons for funding need or the length of time the funds are required.
- True
 - False
42. The term loan is a type of loan, whose maturity may typically be between _____ and is used to finance the purchase of fixed assets such as machinery.
- 1 to 2 years
 - 3 to 5 years
 - 3 and 10 years
 - 5 and 10 years
43. In case of bank loans, a company has to give up with rights for control and ownership to get the finance. Is this a correct statement?
- Yes
 - No
44. Which of the following is the disadvantage of bank loans?
- There is an interest cost involved in obtaining bank loan
 - The process of obtaining a bank loan is very time consuming
 - The bank loan requires excessive paperwork and some kind of collateral to keep rates lower
 - In some cases, the borrower has to pledge its personal assets for bank loan
 - All of the above
45. _____ is a legal agreement between a financial institution and a borrower with the conditions of credit line.
- Operating leases
 - Trade credit
 - Committed credit line
 - Promised credit line
46. The committed lines of credit once signed the financial institution lends the money to borrower, provided that the _____ does not break the conditions.
- Bank
 - Borrower
 - Lender

d. Creditor

47. Committed lines of credit allow the organization to borrow up to a specified amount of money within a specified period of time.
- a. True
 - b. False
48. A line of credit is especially useful when an organization expects that it will need funding in future but does not know exactly ____.
- a. When
 - b. How
 - c. How much
 - d. When and how much
49. The rates of interest on committed lines of credit is same as the bank loans
- a. True
 - b. False
50. Which of the following is not disadvantage for lender in case of committed line of credit?
- a. The rates of interest are generally higher than bank loans
 - b. The bank can change or withdraw limit at any time or may ask for repayment earlier than the expected date
 - c. The facility may be secured against assets of the organization
 - d. All of the above
51. _____ is renting an asset of the organization for a specified period.
- a. Pledge
 - b. Committed lines of credit
 - c. Operating leasing
 - d. Factoring
52. Operating leases are similar to _____ for the use of non-current assets, although they might have a longer term.
- a. Rental agreements
 - b. Higher-purchase agreement
 - c. Purchasing assets on credit
 - d. None of the above
53. Which of the following is not correct about lease finance?
- a. Financial activities of business may be affected in case the lease is not renewed

- b. Lease agreement may not allow the lessee to make any modification in the asset
 - c. Whether the equipment found useful or not, the lessee may not opt for premature termination of the lease agreement
 - d. The lessee never becomes the owner of the asset
54. In factoring the company sells its _____ to the financial institution at discount.
- a. Goods and services
 - b. Accounts receivable
 - c. Shares
 - d. Assets
55. Discounting is more _____ than a bank loan. It provides quick access to funds, although receivables are bought at a discount from the actual value.
- a. Suitable
 - b. Typical source
 - c. Expensive
 - d. All the above
56. For business with steady flow of orders but has lack of funds to make payroll and other immediate payments, discounting is a popular way to obtain financing by selling receivable invoices to the third party.
- a. True
 - b. False
57. Which of the following statement is correct?
- a. To develop a new product the company resort to the sources of long term finance when it has an inadequate cash balance and need funds
 - b. Debt financing and equity financing are the types of long term financing
 - c. All of the above
 - d. None of the above
58. On the basis of time period, which of the following is the source of medium term finance?
- a. Trade credit
 - b. Factoring
 - c. Public deposits
 - d. None of the above
59. For a business which lacks funds for payment of inventory, discounting is a popular way to obtain finance by selling its accounts receivables invoices to third party.
- a. True
 - b. False

60. Short term finances are to be paid off within year, the total amount of interest paid on such financing is less as compared to the long term loans. In long term, is it possible that total interest value might be more than the principal amount?
- a. Yes
 - b. No
61. As short term financing maturity date is short, hence, _____ to repay the loan is lesser than the long term loan. As a result, it takes lesser time to get the loan sanctioned and fund disburses very quickly.
- a. Time period
 - b. Risk of duration
 - c. Risk of default
 - d. None of above
62. Which of the following is not an advantage of the short term source of finance?
- a. Less interest amount
 - b. Disbursed quickly
 - c. less documentation
 - d. None of the above
63. In case of short term financing the period to repay the loan is less than a year hence there is lesser risk of default. Whereas, if high amount of loan is sanctioned with installments, the monthly installments will become very high which results in increase in the _____ in repayment of loan.
- a. Number of installment
 - b. Time period
 - c. Risk of default
 - d. Total loan
64. Rate of interest in case of short term finance is equal to long term finance.
- a. True
 - b. False
65. It is considered in most circumstances that short term loan is only _____ measure to refinance more traditional long term loan.
- a. Permanent
 - b. Interim
 - c. Primary
 - d. Authentic
66. It is acknowledged in most circumstances that short term loan is only interim measure to refinance another short term loan.
- a. True

b. False

67. Due to ____ business come into debt trap in which it continues borrowing to repay the previous unpaid loan.

- a. Long term financing
- b. Unpaid debentures payable
- c. Non repayment of bonds payable
- d. Short term financing

68. Due to debt trap the interest rate keeps on increasing and can terribly affect the business and its ____.

- a. Liabilities
- b. Owner's equity
- c. Liquidity
- d. Assets

69. ____ represents funding long term assets with short term liabilities on the assumption of frequent renewals of short term debts creates high risk of default due to sudden illiquid market conditions, as resulted in 2008 financial crises.

- a. Asset-liability Mismatch
- b. Asset-liability Balance
- c. Asset-liability equality
- d. none of the above

70. The funds which are paid back after a period of ____ are referred to as long term finance.

- a. 1 year
- b. 2 years
- c. 3 years
- d. 10 Years

71. Certain long term finance options directly form a part of the permanent capital of the organisation, where ____ does not even arise.

- a. Interest payable
- b. Interest receivable
- c. Revenue
- d. Obligations

72. The primary purpose of obtaining long term funds is to finance ____ and carry out operations on an expansionary scale.

- a. Liquid projects
- b. Capital projects
- c. Profitable projects
- d. Revenue generating projects

73. ABC company manufacture only one product, for business expansion the company intends to expand its product line. What kind of finance does a company need for such kind of expansion?
- Short term debt financing
 - Long term finance
 - Operating leases
 - All of the above
74. The companies avail the sources of long term finance when they have an inadequate _____ and need funds to carry out its operations for a longer period of time.
- Profit
 - Shares
 - Cash balance
 - Noncurrent assets
75. Which of the following is not the objective of long term finance?
- Pay salaries
 - Develop a new market
 - Invest in R&D operations
 - Purchase new assets
76. The long term finance done internally that is within the organization is called _____ financing.
- Debt
 - Equity
 - Both a and b
 - None of above
77. The long term finance done externally that is outside the organization is known as outside financing.
- True
 - False
78. Equity financing comes from either form selling new shares or from retaining earnings. Financial managers try to select the mix of long term debt and equity to balance between _____.
- Risk and return
 - Liabilities and owner's/shareholders' equity
 - Assets and equity
 - Cost and risk

79. Which of the following statement is true about debt financing?
- a. A type of finance where a borrower receive fund either for a specific period of time or possibly in perpetuity
 - b. Acknowledges an obligation to pay interest on the debt as long as the debt remains outstanding
 - c. Both a and b
 - d. None of the above
80. Which of the following is the example of debt financing?
- a. Operating lease
 - b. Factoring
 - c. Finance lease
 - d. None of above
81. In case of financing through bonds the borrower can be the government, local body or corporation.
- a. True
 - b. False
82. The borrowers issuing bonds provide _____ payments at periodic intervals and are redeemable at a predetermined date in future.
- a. Interest
 - b. Fixed interest
 - c. Variable interest
 - d. None of the above
83. The issuer of the bond must pay the buyer a fixed amount of money called interest, stated as _____ on a regular schedule.
- a. Coupon rate
 - b. Interest rate
 - c. Payable rate
 - d. Fixed rate
84. Bonds are normally issued against _____ and are _____ secured form of long term finance.
- a. Pledge, less
 - b. Mortgage, highly
 - c. Guarantee, less
 - d. Collateral, highly
85. Fixed-rate bond pays a regular interest rate or coupon rate return to investors, therefore provide unpredicted form of cash out flow needs for an issuer.
- a. True

b. False

86. Which of the following is the advantage of bonds?

- a. Bonds are considered less risky comparing to equity mode of financing due to specific maturity of bonds
- b. Provide a medium and long term source of financing avoiding short term refinancing risk
- c. Cheaper form of financing comparing to bank debts for higher credit rating issuers
- d. Convertible bonds can be converted to equity shares after a specified period, making them more appealing to investors
- e. All of the above

87. Which of the following is disadvantage of bonds?

- a. The chances of default risk is less because bonds are less risky
- b. Bonds may have inflationary risk if the coupon rate does not keep up with the rate of inflation
- c. Fixed rate bonds may be free from the interest rate risk exposure in environments where the market interest rate is rising
- d. None of above

88. Most bonds are universally rate by _____ providing an independent source of analysis.

- a. Banks
- b. Credit rating agencies
- c. Financial institutions
- d. NBFC

89. ABC Company buys the asset for XYZ Company and rent the asset to that company for an agreed period. This actions represents the term _____.

- a. Trading
- b. Finance lease
- c. Renting
- d. None of above

90. ABC Company buys the asset for XYZ Company and rent the asset to that company for an agreed period. In this scenario ABC Company is _____ and XYZ Company is _____.

- a. Seller, buyer
- b. Lessee, lessor
- c. Lessor, buyer
- d. Lessor, lessee

91. _____ is the type of lease wherein the lessor transfers all the risks and rewards (control) associated with the asset to the lessee before the lease agreement expires.
- a. Short term financing
 - b. Debt financing
 - c. Finance lease
 - d. Operating lease
92. In _____, ownership could be transferred at the expiry of lease agreement with mutually agreed term.
- a. Debt financing
 - b. Finance lease
 - c. Operating lease
 - d. H-P agreement
93. In finance lease the lessee can use the asset without investing company funds in the asset. The cost is spread over monthly installments rather than a large upfront investment. This represents _____ which is the advantage of finance lease.
- a. Flexibility
 - b. Fixed cost
 - c. Acquisition on installment
 - d. Liquidity
94. Which of the following is the advantage of finance lease?
- i. Lease rentals are deducted from equity.
 - ii. The rental cost is fixed over a specific period, even if interest rate arise.
 - iii. Customized repayment structures are available, tailored to match a company's cash flow patterns.
- a. i, ii
 - b. i, iii
 - c. ii, iii
 - d. i, ii, iii
95. In finance lease the ownership could be transferred with mutual agreed terms _____.
- a. By terminating the contract
 - b. At the expiry of the agreement
 - c. Before entering the agreement
 - d. None of the above
96. Is it necessary for the lessee to compare the cost of the asset with the cost of owning the same to enter the agreement of lease finance?
- a. True
 - b. False

97. The lessor may repossess the asset in case of nonpayment, although there is customized structure of payment against the asset.
- True
 - False
98. Which of the following is correct to represent the importance of creditworthiness in case of getting finance through bonds?
- Because when considering the chances of default risk, the bondholder must assess the financial viability of the issue
 - In case of bankruptcy the company may not be able to pay the principal amount of bonds
 - In case of bankruptcy the company may convert the bond into equity shares
 - Bonds may have inflationary risk if the coupon rate does not keep up with the rate of inflation
99. The ownership of the asset cannot be transferred to the lessee after the lease term in both finance and operating lease.
- True
 - False
100. Which of the statement best differentiate the finance lease from operating finance?
- The finance lease term is at least 75% of the estimated economic life of the asset. However, in operating lease, the lease term is 25% of the economic life of the equipment
 - Finance lease period is brief whereas operating lease period is extended
 - The lessee can terminate the operating lease agreement without any notice. Usually finance lease is difficult to be terminated
 - The lessee can purchase the asset at a bargain price once the lease term is expired where as in operating finance the lessor retains the ownership of the asset during and after the lease term
101. For accounting treatment, the present value of finance lease payment is at least _____ of the asset's value.
- 80%
 - 90
 - 75%
 - None of the above
102. Which of the following is not the advantage of long term debt financing?
- It can help in the growth and expansion of a business, although it takes more time to realize a return on investment enabling the company to align its capital structure with its long term strategic goals

- b. A company can get debt financing from its existing investors to gain long term relationship and partnership, and due to this a company will not have to bring in new financing partners who may not understand the business as well
 - c. It diversifies capital portfolio
 - d. None of the above
103. Long term debt financing Limits Company's exposure to interest rate risk. As long term _____ financing minimizes the refinancing risk that comes with shorter term debt maturities, due to its _____ interest rate. Thus decreases a company's interest rate and balance sheet risk.
- a. Lower-rate, fixed
 - b. Fixed-rate, fixed
 - c. Fixed-rate, lower
 - d. Lower-rate, lower
104. There is flexibility in repayment of long term finance where as in case of short term finance the borrower come in to debt-trap in which the borrower continues borrowing.
- a. True
 - b. False
105. Which of the following is the disadvantage of long term debt financing?
- a. In long term finance there may be certain conditions or regulations such as maintaining certain mix of capital structure, and level of current ratios
 - b. Additional monitoring and controls are also needed in this financing
 - c. In a rising market rates expectation, finding long-term fixed rate financing at a cheaper rate is difficult
 - d. All of the above
106. Is it true that in long term debt financing to avoid default risk additional documentation and collateral may be required?
- a. Yes
 - b. No
107. Long term finance time span is from _____.
- a. 3 to 5 years.
 - b. 5 to 15 years
 - c. 1 to 30 years
 - d. 1 to 15 years
108. Which of the following statement is correct for short term financing terms of loan?
- a. Interest rates are stable and offers flexible terms of loan such as prepayment options, renegotiation of interests upon improvement in credit rating etc
 - b. Interests rates are unstable and are vulnerable to inflationary forces, hence terms of loans are not very flexible

- c. Flexible interest rates may lead to the higher interest amount, resulting into higher total interest amount than principal amount
 - d. None of the above
109. Which of the following is the selection criteria for long term debt financing?
- a. It is preferable if borrower is stable and need funds for strategic goals at low interest rate due to better credit position
 - b. It is preferable if borrower needs to pay off short term liabilities
 - c. It is preferable if borrower in a liquidity crunch and need funds to quickly to bridge the timing of cash flows
 - d. It is preferable if becomes bankrupt and have to pay off the preference shareholders
110. Company may obtain external equity financing by _____.
- a. Issuing new ownership shares
 - b. Issuing debentures
 - c. Issuing bonds
 - d. All above
111. Company may obtain internal equity financing by _____.
- a. Issuing new share
 - b. Retaining earning
 - c. Maximizing profit
 - d. Increasing revenues
112. Retained earnings is the portion which is left after the deduction of tax and dividends. That portion is reinvested in _____.
- a. R&D operations
 - b. Core business operations
 - c. Enhance the cash flow
 - d. Develop a new product
113. Which of the following statement is true for as to how a company can obtain equity financing by retaining earning?
- a. If company does not distribute the earnings to its owners
 - b. If company does not save for general reserves from its earnings
 - c. If company does not save for contingencies liabilities from its earnings
 - d. None of the above
114. The company obtains equity financing by retaining earning for reinvesting it for further business growth and capital projects. Thus the profit earned by the company does not add to equity reserves.
- a. True
 - b. False

115. Increasing long term capital by retaining profit has several major benefits for companies. Which one of the following is the benefit?
- a. Increasing equity through retained earning does not incur any cost because no new shares are issued
 - b. The finance is readily available, without having to present a case to a bank or new shareholders
 - c. Both a and b
 - d. None of the above
116. Is it correct that shareholder approval is mandatory for the retention of earnings?
- a. Yes
 - b. No
117. Which one of the following is the reason of limitation to the amount of earnings available for retention?
- a. The company cannot retain earning unless it pays dividend to its shareholders
 - b. Earnings can only be retained if the company is profitable
 - c. The reinvestment from retained earnings may not provide suitable return
 - d. Withholding dividend for retained earning may disappoint the shareholders and harm the company's credibility
118. Retaining earnings are cheaper alternative to other sources of finance (debt or equity) for a company because it is internally generated. The business does not need to meet any credit rating or security requirements to use retained earnings.
- a. True
 - b. False
119. Which one of the following is the advantage of financing through retained earning?
- a. Retained earning enhance the financial position of a business. This helps the business to attract the equity investors and prevent the company from debt finance investors
 - b. These earnings are readily available, and the company does not seek any help from shareholders and lenders in case of urgency of funds
 - c. The company more satisfied with the use of retained earning finance as it prevents the company from equity financing which is costly for the company
 - d. None of the above
120. Which of the following is the disadvantage for financing through retained earning?
- a. These earnings are not useful for the equity issue
 - b. Withholding dividend by retaining all the earning on the assumption of creating more wealth and value for the stockholders may take long time in generating wealth
 - c. The retained earnings in some cases may rarely match with the cash flows, forcing the company to still borrow the funds

- d. The opportunity cost of these earnings is relatively high because it shows that amount of earnings, which have been foregone by the equity share holders
121. Both private and public companies can raise equity capital externally by issuing shares for cash without any restrictions.
- a. True
b. False
122. The worth of ownership is measured by the _____ in case of public company or _____ in case of private company.
- a. Share price, value of stock
b. Value of stock, value of share
c. Value of share, price of stock
d. All of above
123. It is difficult for private company to sell the shares to public as the shares are not traded on stock exchange.
- a. True
b. False
124. Stock exchange can be used both as a market for issuing new shares for the cash and also a primary market where investors can buy or sell new shares of the company.
- a. True
b. False
125. There are three main methods of issuing new shares for cash:
- a) Initial public offering
b) Placing or private placement of shares
c) _____
- a. Ordinary issue
b. Preference issue
c. Right issue
d. Equity issue
126. There are mainly two types of shares that a company may issue to raise equity.
- a) Common Stock b) _____
- a. Right stock
b. Ordinary stock
c. Value stock
d. Preferred stock

127. In case of debt financing, the company has to pay high interest and make a commitment to for fixed periodic payments. Similarly, in case of equity finance through issue of shares the company must pay dividend at the fixed period to its shareholders.

- a. True
- b. False

128. Which of the following is the best advantage for lenders regarding equity issue?

- a. The chances of bankruptcy and risk of default become less
- b. Through equity issue the company is not being financed with debt but it improves company's creditworthiness
- c. By equity issue the lenders might consider the interest to be paid on time with the periodic payment of debt
- d. For lenders, a higher share capital is considered a buffer to mitigate default risk

129. The company can use the funds obtained through equity issue in any manner, however, for debts there are many conditions imposed by _____ to use it for specific purpose.

- a. Credit rating agencies
- b. Shareholders
- c. Creditors
- d. Banking companies

130. Investors find companies financed through shares more attractive than companies financed with debts. Because it signals market confidence on company's growth strategies and management leadership.

- a. True
- b. False

131. By issuing shares to _____ aligns company's goal of achieving profitability with staff's goal of being financially rewarded, resulting in a workforce of high morale and hardworking culture, transforming a good company into a great one.

- a. Board of Directors
- b. Employees
- c. Chief financial officers
- d. Chief executive officers

132. Which of the following is the disadvantage of issuing shares for cash?

- a. The company's control is diluted and decision making and consent of majority shareholders on critical matters is required. Therefore the company's management is not only responsible for the management of the company
- b. The company's future profit will be shared with other shareholders. However there is flexibility in making payment of dividends

- c. Due to having majority of shareholders may slow down the decision making process on critical and urgent matters, but with the majority of the shareholder participation and having different and large number of opinions enables the company to reach a perfect decision
 - d. The company will be required to make compliance with the relevant laws to make the issue of share effective. However, noncompliance may result in higher regulatory risk
133. Selling shares is lengthy, time consuming process, with lot of uncertainties and cost and in case of public companies it is required to provide lot of information publicly, which is also a costly process. On the other hand finance through equity issue is considered more attractive than debt financing for investors.
- a. True
 - b. False
134. _____ is another form of issuing new shares as form of equity.
- a. Ordinary stock
 - b. Authorized shares
 - c. Cumulative preference stock
 - d. Preferred stock
135. Preference shares also known as ordinary share.
- a. True
 - b. False
136. Although preference shareholders are also the owner like ordinary shareholders, they receive fixed dividend distribution before ordinary shareholders and in case of insolvency they have the right and priority over ordinary shareholders but after the debt finance provider to receive the payment out of the proceeds from sale of the company's assets.
- a. True
 - b. False
137. Preference shares do not have voting rights hence cannot be converted into common shares.
- a. True
 - b. False
138. Which one of the following is the feature of preference share?
- a. Preference dividends are paid out of after-tax profits
 - b. Most preference shares are issued with a fixed rate of annual dividend.
 - c. Preference shares are fairly uncommon with few exceptions
 - d. All of the above

139. For the issuance of shares, preferred stock is more expensive than debt because its dividends are _____.
a. Fixed
b. Not tax -deductible
c. Paid periodically
d. All of the above
140. The claims of preference shareholders are secondary to those of ordinary shareholders and less expensive than common stock holders.
a. True
b. False
141. As the annual dividend is fixed dividend, it needs to be paid, similar to the interest on debts, regardless of the volume of profit that the company has generated in the given year. So, it increases the financial risk of the firm.
a. True
b. False
142. Issuing preference shares is easy, in the case where the company has undergone an IPO and has _____.
a. Ordinary share capital
b. Equity shares capital
c. Authorized share capital
d. Preferred stock
143. The amount raised by selling preference shares may be used for _____.
a. Dividend payment to ordinary share holders
b. Interest payment to debt holders
c. Long term growth strategy
d. None of the above
144. Preference shares often do not have voting rights but due to priority basis the company needs their participation on some critical matters and provide rare control over the operational activities.
a. True
b. False
145. Preference shares provide flexibility of financing for long term and short term purposes. However, the redemption or callable features can be used for short term financing needs.
a. True
b. False

146. Which of the following is the reason why investors prefer preference share over common shares?
- a. Because the dividend is fixed and needs to be paid regardless of the volume of the profit that company has generated
 - b. Because preference share holder are paid before the ordinary shareholders in case of liquidation
 - c. As the dividend charge is higher than rate of interest
 - d. All of the above
147. Which of the following is disadvantage of preference shares?
- a. It is less costly in the long term comparing to long term debt instrument, although the dividend charge is higher than rate of interest and not tax deductible
 - b. The claims of such shareholders on income and assets are second to those of common stockholders, preferred stockholders require higher returns to compensate for the greater risk
 - c. Dividends are not an allowable cost for tax purposes
 - d. All of the above
148. In case of cumulative preference shares if the company is unable to pay dividend for one particular year, the dividend accumulates and is carried forward to the next year.
- a. True
 - b. False
149. In case of _____, accumulation of dividend might be a burden for the company to settle the dividend payments in the years where they were not able to make substantial profits.
- a. Ordinary shares
 - b. Preference shares
 - c. Right shares
 - d. Cumulative preference shares
150. The option of issuing preference shares is available to public as well as private companies.
- a. True
 - b. False
151. Generally, the stock market views the equity issue as doubtful and a negative signal that the company is overvalued and it seeks money prior to its share price falling. Therefore, financing through retained earning does not carry any negative connotation.
- a. True
 - b. False

152. As per the 'pecking-order theory', a company should prefer to finance itself in the following order.
- i. First internally through retained earning
 - ii. Second through debt
 - iii. Finally through issuing of new equity
- a. True
b. False
153. In debt financing creditors may place restraints on management in event of default.
- a. True
b. False
154. Financial caveats such as maintaining minimum _____ is added to debt agreements.
- a. Quick ratio
 - b. Current ratio
 - c. Both a and b
 - d. None above
155. Equity owners have no obligation to pay dividends and no residual claim on income.
- a. True
b. False

ANSWER KEY TO CHAPTER 4

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	d	40	c	79	c	118	a
2	c	41	a	80	c	119	b
3	c	42	c	81	a	120	d
4	d	43	b	82	b	121	b
5	c	44	e	83	a	122	a
6	b	45	c	84	d	123	a
7	b	46	b	85	b	124	b
8	c	47	a	86	e	125	c
9	b	48	d	87	b	126	d
10	d	49	b	88	b	127	b
11	c	50	d	89	b	128	d
12	b	51	c	90	d	129	c
13	d	52	a	91	c	130	b
14	a	53	c	92	b	131	b
15	b	54	b	93	d	132	d
16	c	55	c	94	c	133	a
17	a	56	a	95	b	134	d
18	a	57	c	96	a	135	b
19	a	58	c	97	a	136	a
20	c	59	a	98	a	137	b
21	c	60	a	99	b	138	d
22	d	61	c	100	d	139	b
23	d	62	d	101	b	140	b
24	b	63	c	102	d	141	a
25	b	64	b	103	b	142	c
26	b	65	b	104	a	143	c
27	c	66	b	105	d	144	b
28	a	67	d	106	a	145	a
29	c	68	c	107	c	146	d
30	b	69	a	108	b	147	c
31	c	70	a	109	a	148	b
32	a	71	d	110	a	149	d
33	a	72	b	111	b	150	b
34	c	73	b	112	b	151	a
35	b	74	c	113	a	152	a
36	c	75	a	114	b	153	a
37	c	76	b	115	c	154	c
38	a	77	b	116	b	155	b
39	c	78	d	117	b		

CHAPTER 5

INFORMATION SYSTEM

1. In an increasingly _____ world, every business faces new opportunities as well as unique challenges.
 - a. Technical
 - b. Technological
 - c. Dynamic
 - d. Modernized
2. Any business can create a competitive advantage by the effective use of _____.
 - a. Porter's competitive advantage
 - b. Business network
 - c. Manual information system
 - d. Information technology
3. With the effective use of IT, which of the following may be achieved through efficient business processes (for instance; purchasing, selling, human resource), and obtaining information for optimal decision-making, which result in substantial operational and cost benefits.
 - a. Profit
 - b. Effectiveness
 - c. Competitive advantage
 - d. Information system
4. In order to know how to gather and use information from the many resources available to us, an understanding of information systems is critical. Broadly, it includes users, hardware, and software that support decision-making.
 - a. True
 - b. False
5. Which of the following is used in day-to-day decision- making to perform multiple tasks such as planning, acquiring, searching, analyzing, organizing, storing, programming, producing, distributing, marketing, or selling functions?
 - a. System
 - b. Information
 - c. Past practices
 - d. Information device
6. _____ includes users, hardware, and software that support decision-making.
 - a. Information technology

- b. Information system
 - c. Both a and b
 - d. None of the above
7. An information system (IS) collects and processes data into information that is provided to users for use in strategic planning, decision making, performance monitoring, and production.
- a. True
 - b. False
8. Which of the following gives both companies and consumers access to vast amounts of information and also facilitates communication between management, and staff as well as all internal and external stakeholders?
- a. Information technology
 - b. Information system
 - c. Data Base Management
 - d. None of the above
9. Information system can help company to increase their revenue and reduce their expenses through optimization of _____.
- a. Money
 - b. Resources
 - c. Labor work
 - d. Time and money
10. Which of the following has enabled new companies to compete in geographically dispersed product markets?
- a. Information system
 - b. Production Technology
 - c. Information overload
 - d. None of the above
11. Virtually all companies use some type of information system to ____, ____ and ____ information; improve communication with customers; and improve communication among employees.
- a. Store, save, safeguard
 - b. Store, access, analyze
 - c. Assess, analyze, amend
 - d. None of the above
12. If a company determines how to use information technology to improve its efficiency, it can reduce its expenses and increase its earnings.
- a. True
 - b. False

13. Investing in information system can be expensive for companies, therefore a company should carry out a _____ of investing in technologies that will not provide a net positive return on investment within their relatively short useful lives as technology experiences fast paced change, because technology is updated.
- a. Cost-benefit analysis
 - b. Risk- return analysis
 - c. Purchase-sale analysis
 - d. None of the above
14. A computer system comprises of three key components: Input, CPU and output.
- a. True
 - b. False
15. Computer hardware consists of _____ plus all the peripheral equipment connected to a _____ for input, output and storage of data.
- a. Information system, computer
 - b. Computers, computer
 - c. Software, hardware
 - d. None of the above
16. The computers used in IT systems range from the very large _____ to the very small hand-held computers.
- a. Micro computer
 - b. Personal computer
 - c. Super computers
 - d. Slow computers
17. In many organizations different computers are connected together to form a _____.
- a. System
 - b. Network
 - c. Large device
 - d. All of the above
18. The globalization of the business environment has resulted in much more widespread use of portable _____ computers.
- a. Desktop
 - b. Super
 - c. Mainframe
 - d. Laptop
19. Which of the following is the most common input device and is part of virtually all computer systems?
- a. Mouse

- b. Keyboard
 - c. Track balls
 - d. All of the above
20. Which of the following devices involve the user touching an area of a screen?
- a. Touch pad
 - b. Touch sensitive screen
 - c. Both a and b
 - d. None of the above
21. Automated payment booth and ATM machine are the example of ____.
- a. Automatic system
 - b. Touch sensitive screens
 - c. Transfer machine
 - d. Automated system
22. Magnetic ink character recognition (MICR) requires the input media to be formed of specially formatted characters printed in magnetic ink. These characters are then read automatically using a specialized reading device called MICR reader.
- a. True
 - b. False
23. Which of the following are most common example of MICR in the banking industry?
- a. ATM machine
 - b. Cheques and deposit slip
 - c. Security cameras
 - d. All of the above
24. OMR is _____ to MICR in that it is an automated input method.
- a. Different
 - b. Similar
 - c. Associated
 - d. Linked
25. _____ reads the card (which is a preprinted form marked with a pen or typed line or cross in an appropriate box) and senses the mark in each box.
- a. Optical mark reading
 - b. Optical line reading
 - c. Optician marked reader
 - d. None of the above

26. Which of the following device reads text or illustrations printed on paper and translates the information into a format the user can use?
- a. Printer
 - b. OMR
 - c. MICR
 - d. Scanner
27. _____ are minute areas of illumination on a display screen which taken together form the image.
- a. Camera dots
 - b. Pixels
 - c. Image display area
 - d. All of the above
28. Mouse and trackball devices are hand-operated devices with internal sensors pick up the motion and convert it into electronic signals which instruct the _____ on screen to move.
- a. Video
 - b. Cursor
 - c. Dot
 - d. None of the above
29. In Voice Data Entry, 'call office' is an example where commands are accepted by typing data.
- a. True
 - b. False
30. Originally popular in the automotive industry _____ have seen a recent rise in popularity elsewhere given their fast readability and greater storage capacity than standard _____.
- a. Barcodes, QR codes
 - b. Three dimensional barcodes, two dimensional Barcodes
 - c. QR codes, Barcodes
 - d. None of the above
31. Electronic point of sale is normally integrated with barcodes reader to allow _____ to be read for instant payment for good.
- a. Cheques
 - b. Purchase orders
 - c. credit and debit cards
 - d. None of the above

32. A recent development of _____ has seen the growth of technology that supports mobile phones being used in a similar way to credit and debit cards. A phone signal rather than the magnetic strip on a credit card is used to identify the purchaser.
- Barcodes
 - EPOS
 - QR codes
 - None of the above
33. Which of the following is captured by digital cameras in digital form and allow easy transfer to a computer where they can be manipulated by software?
- Documents and files
 - Images and videos
 - Photographs
 - All of the above
34. Which of the following is disadvantage of scanner and OCR?
- Excellent for inputting graphics quickly
 - Excellent for inputting text quickly
 - OCR can be somewhat inaccurate if input image is low quality
 - None of the above
35. Which of the following is the benefit of touch pads, and touch sensitive screen?
- Can be difficult to grasp the techniques for accurate data entry
 - Labour intensive
 - Expensive
 - User friendly and intuitive
36. Which of the following is the limitation of keyboards?
- Labor-intensive
 - Slow
 - Prone to error
 - All of the above
37. Voice data entry can be inaccurate and affected by external interference (noise).
- True
 - False
38. In digital camera higher quality means larger file size which can be expensive and difficult to manage.
- True
 - False

39. _____ is the combination of both input and output.
- a. Mouse
 - b. Touch pad
 - c. Keyboard
 - d. Touch sensitive screen
40. _____ only offer temporary output as the image is lost when power removed.
- a. TV
 - b. Monitor
 - c. Projector
 - d. All of the above
41. The sound output is produced by _____.
- a. Sound chip
 - b. Sound card
 - c. Sound memory
 - d. None of the above
42. Primary storage (internal memory) is nonvolatile by nature as data remains intact when power is turned off.
- a. True
 - b. False
43. Primary storage (internal memory) is much smaller than _____ but much quicker to access (as it has no mechanical parts).
- a. Secondary storage
 - b. Offline storage
 - c. Both a and b
 - d. None of the above
44. _____ is directly accessible by the CPU that allows it process data.
- a. Secondary storage
 - b. Primary storage
 - c. Tertiary storage
 - d. Offline storage
45. Secondary storage (external memory) is used for data currently being processed and which may need to be accessed at a later stage.
- a. True
 - b. False

46. Secondary storage is volatile as data does not remain intact when powered off.
- True
 - False
47. Flash memory, blue ray drive and cloud drive are the examples of external memory.
- True
 - False
48. _____ typically involves a robotic mechanism that mounts (inserts) and dismounts removable mass storage media into a storage device.
- Secondary storage
 - Offline storage
 - Tertiary storage
 - All of the above
49. _____ storage is often used for archiving rarely accessed information as it is much slower than secondary storage.
- Temporary
 - Tertiary
 - Offline
 - None of the above
50. Offline storage describes any type of data storage that is not under the control of a _____.
- Primary storage
 - Secondary storage
 - Processing unit
 - None of the above
51. Off-line storage needs _____ to re-connect for subsequent access, because the medium is typically recorded on a secondary or tertiary storage device which is physically removed or disconnected.
- Wi-Fi
 - Flash memory
 - Human intervention
 - Processing unit
52. Information technology describes the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data.
- True
 - False

53. Information system describes complementary networks of _____ that people and organizations use to collect, filter, process, create and distribute data and information.
- a. Hardware
 - b. Information technology
 - c. Operating system
 - d. Software and hardware
54. Within organizations, _____ systems support operations, management and decision making.
- a. Closed
 - b. Information
 - c. dynamic
 - d. None of the above
55. The term 'information system' is _____ 'information technology' as it incorporates the way in which people interact with the technology in support of business processes, as well as the information and communication technology (hardware and software) itself.
- a. Same as
 - b. Narrower than
 - c. Broader than
 - d. Similar to
56. _____ is a set of interacting components that operate together to accomplish a purpose.
- a. Business system
 - b. Network
 - c. System
 - d. None of the above
57. Business system is a collection of people, machines and methods organized to accomplish a set of specific functions.
- a. True
 - b. False
58. _____ refers to all systems and procedures involved in the collection, storage, production and distribution of information.
- a. Information technology
 - b. Database
 - c. Information system
 - d. All of the above

59. _____ is the equipment used to capture, store, transmit and present information.
- Information system
 - Network device
 - Information technology
 - Business system
60. In addition to goals, inputs, processes, outputs and environment, which of the following is also the element of system?
- Data
 - Database
 - Computer networks
 - Boundary
61. Closed system is directly affected by the environment and vice versa. Is it true?
- Yes
 - No
62. All businesses, social and information systems are the examples of open system as they affect environment and vice versa. Therefore, this system is adaptable to the environment with varying degrees of extremity.
- True
 - False
63. Which of the following is an example of open system?
- Deterministic system
 - Probabilistic system
 - Self organising or cybernetic system
 - All of the above
64. Which one of the following is the characteristic of deterministic system?
- It uses predetermined rules, therefore, has predicted operations
 - This system does not have a rule book
 - This system lacks in giving predictable outputs
 - All of the above
65. Which of the following is the characteristic of probabilistic system?
- Its behavior is less easy to predict
 - Assign a probability to future events
 - When a business sales forecasts it will try to predict sales based on past events.
 - All of the above

66. Which of the following is a characteristic of cybernetic system?
- Most complex type of system
 - Continually changing
 - Adapts to the environment
 - All of the above
67. Closed loop control has inbuilt control very much like a thermostat in a heating system, they are not responsive to changes in the environment.
- True
 - False
68. System which exist in a relatively _____ environment is not suitable for closed loop control.
- Stable
 - Rigid
 - Dynamic
 - Flexible
69. _____ systems do not have inbuilt control. They are responsive to the environment and often involve interactions from users.
- Self-organizing
 - Open loop control
 - Closed loop control
 - Deterministic
70. Which one of the following is an element of control system?
- Sensor
 - Comparator
 - Effector
 - All of the above
71. Input, process and output are the elements of _____ system.
- Deterministic
 - Control
 - Probabilistic
 - None of the above
72. _____ is all the information that is related to a company, such as sales data, customer contact information, and even website traffic statistics.
- Business Data
 - business network
 - business system
 - None of the above

73. _____ is a set of values of qualitative or quantitative variables about one or more persons or objects.
- Data
 - Information
 - Data base management
 - None of the above
74. Data can exist in various forms, as numbers or text recorded on paper, as bits or bytes stored in electronic memory, or as facts living in a person's mind.
- True
 - False
75. _____ is an electronic filing system that collects and organizes data and information. It is the core of business information systems.
- Data
 - Database
 - Both a and b
 - None of the above
76. Key users tap into _____ to access the information they need, whether for placing inventory orders, scheduling production, or preparing long-range forecasts.
- Data
 - Database
 - Business data
 - All of the above
77. Big size companies use very large databases called _____ and _____.
- DBMS, Data store
 - Data warehouse, Data mart
 - Data shop, Data disk
 - None of the above
78. The HR department asks the manager to give information regarding the total sales made to regular customers. How will the manager collect the information?
- He will collect the receipts of all the customers and then collect data from there
 - He will use the database and collect data from there
 - He will call the customers and take the history from them
 - None of the above
79. _____ is processed into meaningful and useful information, which is then used for specific purposes, such as business analysis, control, and decision-making.
- Business data

- b. Business network
 - c. Business application
 - d. None of the above
80. _____ is a software used to quickly and easily enter, store, organize, select, and retrieve data in a database.
- a. Database
 - b. Transaction Processing system
 - c. Database Management system
 - d. None of the above
81. There are different types of database and database management system available depending upon the _____ of the organization.
- a. Needs
 - b. People
 - c. Finance
 - d. Operations
82. DBMS software primarily functions as an interface between the end user and the database, simultaneously managing the data, the database engine, and the database schema in order to facilitate the organization and manipulation of data.
- a. True
 - b. False
83. Which of the following is the main type of DBMS?
- a. Hierarchical database
 - b. Network database
 - c. Relational database
 - d. Object-Oriented database
 - e. All of the above
84. Which of the following is not the example of DBMS?
- a. Cloud-based database management systems
 - b. In-memory (IMDBMS). Database management systems
 - c. Columnar (CDBMS). Database management systems
 - d. NoSQL
 - e. None of the above
85. Today's networks often link thousands of users and can transmit audio and video as well as data. The best-known computer network is the _____.
- a. Intranet
 - b. WAN
 - c. LAN
 - d. Internet

86. In this fast growing world, most people are utilizing online system. From booking to getting the order in hand all is being done through online. But this cannot be done without the support of computer networks
- a. True
 - b. False
87. The term _____ refers to the way in which the components of a computer system such as printers, PCs and storage devices are linked together and how they interact.
- a. Centralised architecture
 - b. System architecture
 - c. Decentralised architecture
 - d. None of the above
88. A centralised architecture involves all processing being performed on a single central super computer.
- a. True
 - b. False
89. Decentralized architectures spread the processing power throughout the organization at single locations. This is typical of the modern workplace given the significant processing power of modern PCs.
- a. True
 - b. False
90. In system architecture typical network configurations include star networks, ring networks, bus networks and tree networks.
- a. True
 - b. False
91. Client-server computing describes _____ level of interaction found between computers in systems architecture.
- a. One
 - b. Two
 - c. Different
 - d. None of the above
92. The client is the application that runs on a personal computer or workstation. It relies on a _____ that manages network resources or performs special tasks such as storing files, managing one or more printers, or processing database queries, thus any user on the network can access its capabilities.
- a. System
 - b. Network
 - c. Medium

d. Server

93. Servers can range in power from _____ super servers, capable of driving thousands of network users to _____ servers which are typically a powerful personal computer (PC).
- a. Bottom-end, upper-end
 - b. Top-end, low-end
 - c. First-end, last-end
 - d. None of the above
94. File servers, network servers, print servers, e-mail servers and fax servers are the types of servers.
- a. True
 - b. False
95. A server is a machine that is dedicated to providing a particular function or service requested by a client within a network system.
- a. True
 - b. False
96. _____ manage the data files that are accessible to users of the network.
- a. Client server
 - b. File server
 - c. Network server
 - d. None of the above
97. _____ route messages from terminals and other equipment in the network to other parts of the network. In other words, it manages and controls the routing of messages within computer networks.
- a. Client server
 - b. Network servers
 - c. Master server
 - d. None of the above
98. LAN is a computer network covering _____ a geographic area such as a home, office, group of buildings or school.
- a. Large
 - b. Maximum
 - c. Small
 - d. Minimum

99. _____ offers a more cost effective way to link computers than linking terminals to a mainframe computer.
- LAN
 - WAN
 - network server
 - VPN
100. LAN is used typically in _____ and can be set up with wired or wireless connections.
- Small business
 - Large businesses
 - Multinational corporations
 - None of the above
101. LAN is localized in nature. It is typically owned, controlled and managed by numerous persons or organizations.
- True
 - False
102. Which one of the following is feature of LAN?
- Low cost maintenance
 - Relatively low data transmission errors
 - One LAN can be connected to another LAN over any distance via telephone lines and radio waves
 - All of the above
103. The _____ is a computer network that covers a broad area i.e. a network that communicates across regional, metropolitan or national boundaries over a long distance, and connects computers at different sites via telecommunications media.
- VPN
 - Internet
 - LAN
 - WAN
104. In case of WAN _____ connects the computer or a terminal to the telephone line and transmits data almost instantly, in less than a second.
- Device
 - Server
 - Modem
 - None of the above

105. The WAN covers the broad geographic area across the regional boundaries. It can be set up with wireless or wired connections, and the data transfer speeds are much lower than with LANs due to the greater distance.
- a. True
 - b. False
106. Intranet is _____ corporate network and operates behind a firewall that prevents unauthorized access.
- a. Public
 - b. Private
 - c. Mutual
 - d. None of the above
107. Which of the following is not the feature of intranet?
- a. Intranet is considerably less expensive to install and maintain than other networks
 - b. Intranets have many applications, from human resource (HR) administration to logistics
 - c. Anyone with a computer can get access to intranet
 - d. None of the above
108. Many companies use _____ to connect two or more private networks (such as LANs) over a public network, such as the internet.
- a. Intranet
 - b. VPN
 - c. Internet
 - d. WAN
109. Companies with widespread offices may find that a VPN is a more cost-effective option than creating a network using purchased networking equipment and leasing expensive private lines.
- a. True
 - b. False
110. Companies are discovering that they cannot operate well with a series of separate information systems geared to solving specific departmental problems. Is it true?
- a. Yes
 - b. No
111. _____ systems bring together human resources, operations and technology and are becoming an integral part of business strategy.
- a. ES
 - b. PS

- c. ERP
 - d. All of the above
112. The purpose of ERP system is to manage the collective knowledge contained in an organization by using Data warehouse and other technology tools.
- a. True
 - b. False
113. If sale of 500 boxes, Rs.5000 each, is recorded in sales module and such transaction is simultaneously reflected in receivable and inventory module. This is the example of _____.
- a. Data
 - b. Integration
 - c. Data base
 - d. None of the above
114. Which one of the following is disadvantage of integration?
- a. More complex and therefore prone to error
 - b. Offers a more complete view
 - c. Enables better informed decisions
 - d. Should ultimately lead to a more efficient operation
115. Which of the following is not the disadvantage of integration?
- a. Greater risk that if one module fails the whole system could fail
 - b. More expensive than standalone systems
 - c. May require a greater level of support as the system is likely to need to be bespoke (tailored) specifically to the organisation
 - d. None of the above
116. Integration support the decision making, it would lead to greater customer satisfaction and hence profitability.
- a. True
 - b. False
117. It is the responsibility of the company to secure its computer system and make the access to the data only to the authorized users. Which of the following is the result of unauthorized access?
- a. Manipulation of data
 - b. Reputational risk
 - c. Loss
 - d. All of the above

118. Cyber crooks are becoming more sophisticated and professional all the time, finding new ways to get into ultra-secure sites and often work in gangs to commit large-scale internet _____ for Large financial rewards.
- Searches
 - Crimes
 - Exploration
 - Downloads
119. Internet has increased the stakes and expanded the realm of opportunities to commit _____ and similar crimes.
- Burglaries
 - Kidnapping
 - Identity theft
 - None of the above
120. Which of the following is the first step in a company's security strategy?
- Set the standards
 - Creating written information for enforcement
 - Creating formal written information security policies
 - All of the above
121. In an unauthorized access into a company's computer systems, which of the following is the costliest categories of threats?
- Worms, viruses and Trojan horses
 - Computer theft
 - Financial fraud
 - All of the above
122. Which one of the following distinguishes the WAN from LAN?
- WANs exist under collective or distributed ownership and management covering long distances, whereas LAN covers small area and owned by a single person
 - Setup costs are typically higher and maintaining a WAN is more expensive whereas LAN is more cost effective and has low maintenance cost
 - There is high data transmission error in WAN, in contrast there is relatively low data transmission errors in LAN
 - All of the above
123. In security and privacy of companies of computer systems, the companies normally do not put into place information security strategies, hence they spend too much time in a reactive mode—responding to crises—and don't focus enough on prevention.
- True
 - False

124. In security and privacy, the challenge to companies is to find _____ between collecting the information they need while at the same time protecting the individual consumer rights.
- Difference
 - Similarities
 - Balance
 - None of the above
125. TPS is the starting point of an _____ system.
- Batch processing
 - Online processing
 - Data base management
 - Integrated information
126. The TPS receives raw data from internal and external sources and prepares these data for storage in a database similar to a _____ database but vastly larger.
- Mainframe computer
 - Personal computer
 - Micro computer
 - Super computer
127. In TPS all of a company's data are stored in multiple huge databases that become the company's central information resource.
- True
 - False
128. Which of the following automates routine and tedious back-office processes, order processing, and financial reporting?
- TPS
 - Online processing
 - Batch processing
 - All of the above
129. TPS reduces clerical expenses and provides basic operational information quickly.
- True
 - False
130. Batch processing is the collection of a group of _____ transactions over a period of time, and their processing at any single time as a batch.
- Different
 - Similar
 - Multiple
 - All of the above

131. Which of the following is an efficient method to update the database periodically for applications such as monthly payroll?
- Batch processing
 - TPS
 - Online processing
 - All of the above
132. In batch processing data is updated on periodical basis, therefore, this type of processing is associated with the _____ centralized type systems.
- Super
 - Mainframe
 - Database
 - None of the above
133. Which of the following is the advantage of batch processing?
- Often delays between when a transaction is made and when the master file is updated and the output generated
 - Management information is often in complete due to out of date data
 - Often master files always kept offline therefore access may not always be available
 - Checks in place as part of the systems run
134. Online processing refers to equipment that operates under control of the central computer but typically from a different location through some kind of terminal.
- True
 - False
135. Real time processing is the processing of _____ as they occur without the need for batching them together.
- Class of transactions
 - Similar transactions
 - Dissimilar transactions
 - Individual transactions
136. Real time processing allows _____ to update the master files immediately. It is an expensive method to update the database in real- time for applications.
- Database administrator
 - User
 - Company
 - None of the above

137. Which of the following is the disadvantage of real time processing?
- a. Information is more up to date therefore providing better management information
 - b. Increase ability for data to be online
 - c. Increased hardware capacity which increases costs
 - d. All of the above
138. Which of the following is the way to update database?
- a. Batch processing
 - b. Online processing
 - c. Both a and b
 - d. None of the above
139. Which of the following uses the internal master database to perform high-level analyses that help managers make better decisions?
- a. TPS
 - b. MSS
 - c. DSS
 - d. EIS
140. At the first level of MSS is an information-reporting system, which uses summary data collected by _____ to produce both regularly scheduled and special reports.
- a. Online processing
 - b. TPS
 - c. Database
 - d. DBMS
141. MSS includes specialized tools for _____ like centralized database such as data warehouse.
- a. Firewall
 - b. Decision making
 - c. Storage
 - d. None of the above
142. Which of the following is used by companies to gather, secure, and analyze data for many purposes, including customer relationship management systems, fraud detection, product-line analysis, and corporate asset management?
- a. Data mart
 - b. Relational database
 - c. Data warehouse
 - d. Object-oriented database

143. Management support system assist the retailers in identifying customer demographic characteristics and shopping pattern to improve direct mailing responses.
- True
 - False
144. Management information system is characterized as:
- Supports structured decisions
 - Reports on existing operations
 - Little analytical capability and is relatively inflexible
 - All of the above
145. Management information system digests inputted data (distinct pieces of information such as facts, numbers and words) and processes it into useful ____.
- Data
 - Information
 - knowledge
 - Bits
146. Which of the following is the characteristic of management information system?
- Internal focus
 - Generates regular reports and typically would allow online access to a wide range of users
 - Incorporates both current and historical information
 - All of the above
147. DSS is a set of related _____ required to assist with the analysis while decision-making within an organization.
- Systems
 - Computer programs and data
 - Hardware and software
 - None of the above
148. The initial purpose of the development of DSS is to control the rigid nature of management information systems.
- True
 - False
149. DSS helps businesses by providing _____ data and _____ models that aid problem-solving and decision-making.
- Qualitative, Predictive
 - Quantitative, Predictive
 - Primary, speculative
 - None of the above

150. DSS helps managers make decisions using interactive computer models that describe ____.
- Real-world management
 - Real-time systems
 - Real-world processes
 - Real-time management
151. The DSS also uses data from the internal database but looks for ____ data that relate to the problems at hand.
- Collective
 - Specific
 - Primitive
 - Rational
152. DSS assists managers at the tactical level when they are required to make ____.
- Formal plans
 - Tactical plans
 - Intelligent guesses
 - Rough guesses
153. DSS uses formula and equations to enable ____ modeling.
- Mathematical
 - Business
 - Functional
 - Calculated
154. DSS is ____ enabling managers to solve problems through queries and modeling.
- Database Management system
 - Real-time system
 - Fast system
 - None of the above
155. In DSS, user inputs query and variables for the model through ____.
- Search engine
 - User interface
 - Search bar
 - None of the above
156. DSS contains ____ language interpreter for querying the system.
- Natural
 - Machine
 - Assembly
 - Algorithm

157. In DSS the user interface is integrated with data management and modeling software from the key Components.
- True
 - False
158. In DSS, _____ packages can become the tool for the development of a decision support system.
- Spread sheets
 - Data
 - Information
 - Know-how
159. EIS, similar to a DSS, is customized for an individual executive and provides specific information for strategic decision.
- True
 - False
160. An EIS incorporates both _____ and tends to be more forward-looking rather than back word-looking.
- Data and information
 - Internal and external data
 - Soft and hard data
 - None of the above
161. EIS typically emphasizes _____ and simple user interfaces with a high level executive summary styled dash-board.
- Text display
 - Graphical displays
 - Tabular display
 - None of the above
162. Which of the following is the characteristic of EIS?
- Helps senior managers to make unstructured decisions with many contributing factors such as price fixing
 - Tends to be very expensive and real-time
 - Often limited in use to a small number of senior managers within the business
 - All of the above
163. An expert system (ES) is a computer program that simulates the judgment and behavior of a human or an organization that has expert knowledge and experience in a particular field.
- True
 - False

164. ES contains a database of _____ experience and scenarios as well as a set of rules for applying the knowledge to each particular situation described by the program.
- Actual
 - Predictive
 - Personal
 - Accumulated
165. Which of the following enables computers to reason and learn to solve problems in much the same way as humans do, using what-if reasoning?
- Executive information system
 - mathematical modeling
 - Artificial intelligence
 - Functional system
166. Although expert systems are expensive and difficult to create, they are finding their way into more companies as more applications are found. Is it true?
- Yes
 - No
167. An expert system gives managers advice _____ what they would get from a human consultant.
- Similar to
 - Different from
 - Exact as
 - All of the above
168. Expert systems are most effective when one of the following pre condition exists?
- Problem is reasonably well defined
 - When investment is cost justified
 - Expert can be released to focus on more difficult problems
 - All of the above
169. Is it true that expert system is most effective when problems cannot be solved through conventional transaction processing systems?
- Yes
 - No
170. Which of the following is not the advantage of expert system?
- Allows non experts to make experts decisions
 - Multi access can deal with many problems of the user at one time
 - It can become a competitive advantage
 - None of the above

171. Financial accounting and reporting involves which of the following:
- a. Maintaining a system of accounting records for business transactions
 - b. Maintaining other items of a financial nature
 - c. Reporting the financial position and the financial performance of an entity in a set of 'financial statements'
 - d. All of the above
172. The information that is recorded in the book-keeping system (ledger records) of an entity are also analyzed and _____ periodically, typically each year, and the summarized information is presented in financial statements.
- a. Rectified
 - b. Summarized
 - c. Reviewed
 - d. Confirmed
173. Financial statements provide information about the financial position and performance of the entity.
- a. True
 - b. False
174. Financial reporting systems must be reliable, accurate and complete. Access to data entry should be strictly controlled to authorized _____ only.
- a. Customers
 - b. Personnel
 - c. Suppliers
 - d. Board members
175. Order processing system will typically be linked to the _____ so that the sales persons can establish whether the organisation is capable of fulfilling the order received.
- a. Assets control system
 - b. Order fulfilling system
 - c. Sales promotion system
 - d. Inventory control system
176. The objective of the inventory control system is to ensure that the business maintains appropriate amount of inventory at all times.
- a. True
 - b. False

177. The inventory control system should be able to indicate _____ levels of inventory for all the lines maintained by a business and trigger the ordering of replacement inventory when inventory levels fall to a certain level.
- a. Accurate
 - b. Maximum
 - c. Minimum
 - d. Fixed
178. Inventory control system assists sales managers in identifying ageing stock and employing tactics to reduce it. This is particularly important with perishable inventory (e.g., food and drink) that could have hygiene as well as commercial considerations to monitor.
- a. True
 - b. False
179. Delivery dates both inwards and outwards must be maintained to enable the _____ to manage goods movement - inward and despatch.
- a. Purchase manager
 - b. Warehouse manager
 - c. Sales manager
 - d. All of the above
180. The personnel system exists to support the _____ function in performing its duties of maintaining appropriate workforce.
- a. IT management
 - b. Human resources management
 - c. Customer management
 - d. Order management
181. Personnel system contains a significant amount of sensitive and secured information meaning there must be strict control around maintaining data security and access to the system.
- a. True
 - b. False
182. Which of the following assists management by providing graph trends and summary reports for making decisions on head count?
- a. IT management
 - b. Personnel management system
 - c. ITMS
 - d. All of the above

183. ERP is a _____ system driven by an integrated suite of software modules supporting the basic internal processes of a business.
- Traditional
 - Cross- functional
 - Cross organizational
 - None of the above
184. In ERP system, tracking is permanently updated irrespective of the department that entered the information.
- True
 - False
185. Executive Information system is used in _____ decision making at senior level of management.
- Lower management
 - Strategic management
 - Vision management
 - None of the above
186. Transaction processing system is used in operational level decision making.
- True
 - False
187. The users of middle level of information system, generally oversee the activities of the operational management and take tactical, unstructured decisions partly based on set guidelines and judgmental calls.
- True
 - False
188. The _____ level users of information system make unstructured, strategic decisions and use information from tactical managers and external data to guide them when making strategic decisions.
- Senior
 - Middle
 - Operational
 - All of the above
189. In planning, which of the following helps establishing appropriate resources, time scales and forecast actual outcomes?
- Network system
 - Information system
 - Online system
 - None of the above

190. Which of the following statement is correct about MICR?
- MICR has speed and accuracy
 - MICR documents are expensive to produce
 - All of the above
 - None of the above
191. Is it true that OMR has speed and accuracy but the documents of OMR are expensive to produce and there is also a risk of spoilt documents?
- True
 - False
192. In storage devices, _____ may be made to some kind of storage device such as a DVD or CD- ROM, flash memory (USB flash disk or key), blue- ray drive or external hard disk drive.
- Input
 - Output
 - Tertiary storage
 - Offline storage
193. The term _____ is typically associated with computers and computer networks. However, the full definition includes other information distribution technology such as television, telephone and radio.
- Information system
 - Computer system
 - Information technology
 - None of the above
194. Which of the following is the element of Information System?
- Data Base Management System
 - Security and Privacy
 - Networks
 - All of the above
195. Computer networks support a vast range of uses including:
- Email
 - The world wide web
 - Instant messaging
 - All of the above
196. Which of the following IS system is used at middle level management when tactical decisions are taken?
- MIS
 - TPS

- c. EIS
- d. None of the above

197. MICR stands for:

- a. Mega ink character recognition
- b. Magic in character redo
- c. Medium in character reader
- d. Magnetic ink character recognition

198. OMR stands for:

- a. On mark reader
- b. Operating marker recognition
- c. Optical mark reading
- d. None of the above

199. OCR stands for:

- a. Optical character record
- b. Optional character record
- c. Optimal character reader
- d. Optical character recognition

200. VDE stands for:

- a. Voice data entry
- b. Vocal data entry
- c. video data engagement
- d. Video data entry

201. What does QR stand for in QR codes?

- a. Quick Reader
- b. Quick Recognition
- c. Quick Response
- d. Quick Reaction

202. EPOS stands for:

- a. Electric potential of scale
- b. Electronic point of sale
- c. Ending point of scan
- d. None of the above

203. RAM stands for:

- a. Read access memory
- b. Random access memory
- c. Read accessible memory

- d. Recognizing accessible memory
204. ROM stands for:
- a. Rank of memory
 - b. Reminder of memory
 - c. Read only memory
 - d. none of the above
205. CPU stands for:
- a. Central processor unit
 - b. Central processing unit
 - c. Character plus unit
 - d. Closed processing unit
206. DBMS stands for:
- a. Database management system
 - b. Data base managing system
 - c. Dash board managing system
 - d. Data based memory system
207. IMDBMS stands for:
- a. Inter-memory database memory system
 - b. In-memory database management system
 - c. Internal memory database management system
 - d. none of the above
208. CDBMS stands for:
- a. Calculated database management system
 - b. Customized database management system
 - c. Columnar database management system
 - d. Constructive database management system
209. NoSQL stands for:
- a. Non structured query language
 - b. Neon structured query language
 - c. Not structured query language
 - d. Net structured query language
210. LAN stands for:
- a. Lower area network
 - b. Local ariel network
 - c. Local area network
 - d. limited area network

211. WAN stands for:

- a. Widespread area network
- b. West area network
- c. With all network
- d. Wide area network

212. TPS stands for:

- a. Transitional processor system
- b. Transaction processing system
- c. Transmitted proportional system
- d. None of the above

213. MSS stands for:

- a. Medium structured system
- b. Management structured system
- c. Management support system
- d. Master support system

214. DSS stands for:

- a. Direct support system
- b. Data support system
- c. Decision support system
- d. Drive support system

215. EIS stands for:

- a. Expert information system
- b. Executive information system
- c. Emerging information system
- d. Emerging information support

216. ES stands for:

- a. Executive system
- b. Electronic system
- c. Expert system
- d. None of the above

217. FRS stands for:

- a. Financial recording system
- b. Financial reporting system
- c. Final reporting system
- d. Financial reporting support

218. ERP stands for
- Execute resource planning
 - Electronic reading pointer
 - Enterprise resource planning
 - Expert recognition point
219. DVD stands for:
- Digital volume disk
 - Digital voice drive
 - Digital video drive
 - Digital video disk
220. CD stands for:
- Compact drive
 - Compact disk
 - Company drive
 - Central disk
221. IT stands for:
- Information transmission
 - Information technology
 - International technology
 - None of the above
222. IS stands for:
- Information standard
 - Information support
 - Information system
 - Internal system
223. If company can use information technology to attract more customers or offer additional products, it can increase _____ and increase its earnings.
- Reputation
 - Revenue
 - Customers
 - Value
224. Which of the following facilitates the extraction of processed information from the system?
- Input devices
 - Output devices
 - CPU
 - All of the above

225. The central processing unit is the _____ of the computer that takes the inputs, processes them and then outputs the results.
- a. Device
 - b. Brain
 - c. System
 - d. Strength
226. Which of the following can be stand-alone, connected to the computer with a cable or through a wireless connection, or they might be integrated into the computer itself, such as with a laptop or notebook?
- a. Keyboard
 - b. Touch pad
 - c. Mouse
 - d. All of the above
227. The _____ is number of pixels recorded for each image.
- a. Pixels
 - b. Resolution
 - c. Design
 - d. Quantum
-
228. The _____ is/are minute areas of illumination on a display screen which taken together form the image.
- a. Pixels
 - b. Resolution
 - c. Design
 - d. Quantum
229. Which of the following can normally be adjusted to reflect how sharp the users need their image on the computer?
- a. Pixels
 - b. Resolution
 - c. Design
 - d. Quantum
-
230. Touch sensitive pads and joysticks that similarly control the cursor are also now commonly found in the center of the _____.
- a. Keyboard
 - b. Laptop
 - c. Tablets
 - d. None of the above

231. Many computers can now accept voice input via a microphone and _____ software.
- Voice entry
 - Voice data entry
 - Voice drive entry
 - Vocal entry
232. Which of the following are the groups of black and white marks with variable spacing and thickness found on product labels such as those at the supermarket?
- QR codes
 - EOPS
 - Barcodes
 - None of the above
233. Each bar code is unique and can be read automatically by an electronic _____ reader.
- QR code
 - Barcode
 - EOPS
 - All of the above
234. QR codes are matrix, or _____, barcodes.
- Cross-functional
 - Multi-dimensional
 - Two-dimensional
 - Cross- dimensional
235. _____ can be found in the form of stand-alone units or they may be integrated into other technology such as smart phones and tablet computers.
- Scanners
 - Digital cameras
 - keyboard
 - Mice
236. _____ are used in many situations whether it is for the development of marketing material, recording of crime scenes by the police, or by an auditor on a year-end inventory count.
- Scanners
 - network systems
 - Digital camera
 - video camera
237. Damaged barcodes are impossible to read and there are incompatibility issues if different types of barcodes are received by the organization.
- True

b. **False**

238. _____ device is the part of a computer system that receives the processed data from the computer and presents it in some way.

- a. **Input**
- b. **Output**
- c. **Storage**
- d. **All of the above**

239. RAM and ROM plus the CPU's cache memory are the examples of _____.

- a. **External memory**
- b. **Tertiary storage**
- c. **Internal memory**
- d. **Offline storage**

240. Which of the following facilitates the introduction of data and information into the system?

- a. **Output**
- b. **Input**
- c. **CPU**
- d. **None of the above**

ANSWER KEY TO CHAPTER 5

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	b	41	b	81	a	121	d
2	d	42	b	82	a	122	d
3	c	43	a	83	e	123	a
4	a	44	b	84	e	124	c
5	b	45	b	85	d	125	d
6	b	46	b	86	a	126	c
7	a	47	a	87	b	127	b
8	b	48	c	88	a	128	a
9	d	49	b	89	b	129	a
10	a	50	c	90	a	130	b
11	b	51	c	91	a	131	a
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13	a	53	d	93	b	133	d
14	b	54	b	94	a	134	a
15	b	55	c	95	a	135	d
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18	d	58	c	98	c	138	c
19	b	59	c	99	a	139	b
20	c	60	d	100	a	140	b
21	b	61	b	101	b	141	b
22	a	62	a	102	d	142	c
23	b	63	d	103	d	143	a
24	b	64	a	104	c	144	d
25	a	65	d	105	a	145	b
26	d	66	d	106	b	146	d
27	b	67	a	107	c	147	b
28	a	68	c	108	b	148	a
29	b	69	b	109	a	149	b
30	c	70	d	110	a	150	c
31	c	71	b	111	c	151	b
32	b	72	a	112	a	152	c
33	b	73	a	113	b	153	a
34	c	74	a	114	a	154	b
35	d	75	b	115	d	155	b
36	d	76	b	116	a	156	a
37	a	77	b	117	d	157	a
38	a	78	b	118	b	158	a
39	d	79	a	119	c	159	a
40	d	80	c	120	c	160	b

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
161	b	181	a	201	c	221	b
162	d	182	b	202	b	222	c
163	a	183	b	203	b	223	b
164	d	184	a	204	c	224	b
165	c	185	b	205	b	225	b
166	a	186	a	206	a	226	a
167	a	187	a	207	b	227	b
168	d	188	a	208	c	228	a
169	a	189	b	209	a	229	b
170	d	190	c	210	c	230	a
171	d	191	a	211	d	231	b
172	b	192	b	212	b	232	c
173	a	193	c	213	c	233	b
174	b	194	d	214	c	234	c
175	d	195	d	215	b	235	b
176	a	196	a	216	c	236	c
177	a	197	d	217	b	237	a
178	a	198	c	218	c	238	b
179	b	199	d	219	d	239	c
180	b	200	a	220	b	240	b

CHAPTER 6

BUSINESS ETHICS

1. Recognizing _____ is the most important step in understanding business ethics.
 - a. Business issues
 - b. Ethical issues
 - c. Financial issues
 - d. Management issues
2. Which of the following is “an identifiable problem, situation, or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical.”?
 - a. Ethical conduct
 - b. Business issue
 - c. Ethical considerations
 - d. None of the above
3. Which of the following refers to the obligations to take decisions and perform actions which are desirable in terms of objectives and values of the society?
 - a. Ethical conduct
 - b. Social responsibility
 - c. Social welfare
 - d. Business responsibility
4. Which of the following is defined as the “discipline dealing with what is good and bad and with moral duty and obligation”?
 - a. Philosophy
 - b. Logic
 - c. Management
 - d. Ethics
5. Is it true that the ethics of doing business are different from the ethics of normal social behavior?
 - a. True
 - b. False
6. Ethical _____ can take on many forms within the business environment, including deceptive business practices and the withholding of important information from investors or consumers.
 - a. Fraud
 - b. Misconduct

- c. Risk
- d. All of the above

7. Which of the following are "set of moral principles which guide organizations what is right, wrong, and appropriate within the workplace"?
- a. Moral ethics
 - b. Business ethics
 - c. Social ethics
 - d. Ethics
8. Every organization, including nonprofits, has to manage the ethical behavior of _____ in the overall operations of the organization.
- a. General public
 - b. Its employees and stakeholders
 - c. Regulators
 - d. Customers
9. In business, while choosing the right action, the person often weighs the _____ against what a person considers appropriate conduct.
- a. Religious obligations
 - b. Monetary profit
 - c. Benefit
 - d. None of the above
10. In view of business ethics, proper governance process must be put in place to achieve key goals and objectives of an organization through _____ decision-making, and socially responsible management?
- a. Profitable
 - b. Good
 - c. Ethical
 - d. None of the above
11. Ethical issues in business are associated with acting _____ towards employees and showing due concern for their welfare.
- a. Accurately
 - b. Strictly
 - c. Fairly
 - d. Generously
12. Ethical issues in business are associated with showing _____ for the communities in which the business entity operates.
- a. Respect
 - b. Respect and concern
 - c. Concern

- d. None of the above
13. Ethical issues in business are associated with showing respect for ____, and refusing to deal with any entities that do not show concern for them.
- a. Quality
 - b. Human rights
 - c. Employees
 - d. All of the above
14. Being the most common ethical issue identified by employees, which of the following exists when a person must choose whether to advance his or her own personal interests or those of others?
- a. Ethical conflicts
 - b. Business risk
 - c. Interest of ethics
 - d. Conflict of interest
15. Which of the following is the characteristic of professional competence and due care?
- a. To be straight forward and honest in all professional and business relationship
 - b. To act the diligently and in accordance with applicable technical and professional standards
 - c. To respect the confidentially acquired as a result of professional and business relationships
 - d. None of the above
16. Which of the following is "buying or selling of stocks by insiders who possess material without informing the public"?
- a. Insider business
 - b. Insider transaction
 - c. Insider stocks
 - d. Insider trading
17. Insider trading is an example of ____.
- a. Business ethics
 - b. Conflict of interest
 - c. Business conflicts
 - d. None of the above
18. Which one of the following aspect of behavior is associated with business ethical issue?
- a. Suppliers in developing countries who use child slave labor
 - b. Showing concern for the environment and the need for sustainable business
 - c. Fair and honest dealing with suppliers and customers
 - d. All of the above

19. In international business, _____ often means compliance with accepted international codes of behavior, such as a code against bribery, by organizations seeking to win a major contract from a customer.
- Business
 - Ethical behavior
 - Personal code
 - Professional code
20. Ethical issues in business are not generally associated with which of the following aspect of behavior?
- Suppliers in developing countries who use child as slave labour
 - Refusing to deal with the entities that do not show concern for human rights
 - Acting within the law
 - None of the above
21. As per business ethics, managers and business owners through their actions demonstrate to their employees what is and is not acceptable behavior and shape the _____ standard of the organization.
- Business
 - Moral
 - Management
 - Commercial
22. ABC Company shares office space with XYZ Company. Employee of ABC Coy often takes rims of paper belonging to XYZ Coy. This illustrates which of the following business ethical issue?
- Taking unfair advantage
 - Violating rules
 - Taking things that does not belong to you
 - None of the above
23. ABC Ltd is a company, engaged in production of washing powder. For the promotion of its product, the coy falsely exaggerates the qualities and features of the product in an advertisement to attract customers even though the company knows that in reality the product does not have such qualities and features. This is the example of which of the following business ethical issue?
- Violating rules
 - Reputation risk
 - Condoning unethical actions
 - Saying things, you know are not true

24. A soap company offers a packet of three soaps at a discount by offering to save up to Rs 20/- on the packet. However, the company has reduced the size of the soap in the packet from its standard size. This practice is ____.
- Illegal but ethical
 - Legal and ethical
 - Illegal and unethical
 - Legal but unethical
25. Selling goods on discount nearing expiry when business knows the product life is short and will not be usefully by the time customers uses it. Is this practice ethical?
- Yes
 - No
26. To attract more customers, a soap company is selling its soaps by falsely advertising that the soap brightens the skin tone. Such practice is the example of which of the following business ethical issue?
- Hiding or divulging information
 - Taking unfair advantage
 - Giving or allowing false information
 - All of the above
27. Smoke Restaurant offers tasty foods, using special recipes. Employee 'A', who works in the kitchen informed the competitor about materials purchased by Smoke Restaurant and used in making its special items. This is an example of:
- Violating rules
 - Saying things, you know are not true
 - Divulging information
 - All of the above
28. Smokey Restaurant offers foods, using poor quality ingredients which may be hazardous to the health of its customers. On visit of food inspector, B, the chef, did not give details of the quality of ingredients being used by the restaurant. This is an example of:
- Violating rules
 - Saying things, you know are not true
 - Hiding information
 - All of the above
29. Selling goods with two-year warranty and claiming that the product life is 10 years, despite knowing that the product 's actual life is only 5 years. This is the example of which of the following business ethical issue?
- Giving or allowing false information
 - Violating rules
 - Taking unfair advantage

d. None of the above

30. An individual is made to purchase shares of XYZ company, the CEO of which is wife of CM. The individual has been promised a construction contract on purchase of these shares, despite the fact that the company is under investigation. In case of, negative outcome of investigation against the company, it will certainly affect the stake of the individual. This illustration falls under which of the following head?

- a. Buying under influence
- b. Hiding information
- c. Taking unfair advantage
- d. None of the above

31. XYZ Company hires immigrant workers on low pay instead of hiring local workers who demand more pay for the same work. This is the illustration of which of the following ethical issue?

- a. Violating rules
- b. Taking unfair advantage
- c. Mistreating individuals
- d. All of the above

32. Many current consumer protection laws were passed because so many businesses took unfair advantage of people who were _____ or were unable to discern the nuances of complex contracts.

- a. Professionals
- b. Employees
- c. Uneducated
- d. Poor

33. Credit disclosure requirements and new regulations on auto lease all resulted because businesses misled _____ who could not easily follow the jargons of long, complex agreements.

- a. Employees
- b. Suppliers
- c. Consumers
- d. None of the above

34. According to business ethics, although the ethical aspects of an employee's right to privacy are still debated, it has become increasingly clear that _____ outside the job can influence performance and organisation reputation.

- a. Interpersonal conduct
- b. Personal conduct
- c. Business conduct
- d. None of the above

35. As an example of business ethical issue, which of the following falls under abusing power and mistreating individuals?
- a. Pay less
 - b. Improper working condition
 - c. Harsh behavior
 - d. None of the above
36. XYZ is a multinational company. Its South Africa branch has hired children against the company policy. But the company does nothing against the branch and remains silent. This illustration represents which of the following head of business ethical issues.
- a. Hiding or divulging information
 - b. Committing improper personal behavior
 - c. Permitting organizational abuse
 - d. All of the above
37. The employees of XYZ Company engage in unnecessary activities not related to their work during their office hours. This is an illustration of which of the following business ethical issue?
- a. Violating rules
 - b. Misuse of organization premises
 - c. Misuse of organization time
 - d. Misuse of designation
38. Although there is a variety of ethical issues that may arise in business, it can be difficult to recognize specific ethical issues in _____.
- a. Law
 - b. Practice
 - c. Debate
 - d. None of the above
39. Whether a decision maker recognizes an issue as an ethical one often depends on the issue itself.
- a. True
 - b. False
40. To carry out a _____, the decision maker has to answer a basic question about the ethics of course of action.
- a. Glass test
 - b. Mirror test
 - c. Looking test
 - d. Ethical test

41. How many question are there in mirror testing?
- Two
 - Three
 - Four
 - Five
42. In mirror testing, which of the following is the first the first question?
- Is it ethical?
 - Is it legal?
 - Is it according to the business law or business standards?
 - None of the above
43. In mirror testing, which of the following is the second question?
- Is it ethical?
 - Is it legal?
 - Is it according to the business law or business standards?
 - None of the above
44. In mirror testing, which of the following is the third question?
- Is it ethical?
 - Is it legal?
 - What will other people think?
 - None of the above
45. Which one of the following is not related to mirror test questions?
- Even if the action is legal, is it ethically correct? Does it violate ethical values?
 - What will other people think? Think about the opinion of people whose views matter to you, such as close family members (a parent, spouse, or close friend) or the media. Are they satisfied with the effect of your action on these people?
 - All of the above
 - None of the above
46. This is the problem for the decision maker that whether the decision or action appears to be legal or illegal but is nevertheless unethical and should be avoided.
- True
 - False
47. While considering the consequences of unethical decisions, the individual should not only think of the potential monetary costs associated with the certain causes of action but also the reputational costs, relationship costs, and psychological costs.
- True
 - False

48. A business enterprise is an important part of the society and it should do its operations and earn money in ways that satisfy the expectations of society.
- a. True
 - b. False
49. CSR stands for _____.
- a. Company selling resources
 - b. Corporate social responsibility
 - c. Company secretary responsibility
 - d. None of the above
50. Which of the following is the idea that businesses should balance organizational activities with activities that benefit society? It involves developing businesses with a positive relationship with the society in which they serve?
- a. Business ethics
 - b. Social values
 - c. Social responsibility
 - d. Business values
51. Social responsibility in business is also known as _____.
- a. Company's responsibility
 - b. Corporate social responsibility
 - c. Business social responsibility
 - d. None of the above
52. Which of the following is the advantage a business may receive from being socially responsible?
- a. Being a socially responsible organisation can bolster an organisation's image build its brand
 - b. Social responsibility empowers employees to leverage the corporate resources at their disposal to do good
 - c. Formal corporate social responsibility programs can contribute positively to employee morale and lead to greater productivity in the workforce
 - d. All of the above
53. Being socially responsible, business encourages customers to pay a premium for some products knowing that part of the profits will be channeled towards _____ causes near and dear to them.
- a. Business
 - b. Social
 - c. Cultural
 - d. International

54. Which of the following is the main aspect of CSR?
- An organisation should operate in an ethical way and with integrity
 - An organisation should treat its employees fairly and with respect
 - An organisation should play a responsible role in its community
 - All of the above
55. An organisation should have a recognized _____ of ethical behavior and should expect everyone in the organisation to act in accordance with the ethical guidelines in it.
- Rules
 - Code
 - Laws
 - None of the above
56. Investing in local communities, such as local schools or hospitals, can be an important aspect of CSR for organisations that operate in _____ countries or other regions of the world.
- Developed
 - Under developed
 - Populated
 - Over populated
57. An organisation should do what it can to sustain the environment for future generations. This could take the form of:
- Reducing pollution of the air, land or rivers and seas
 - Re-cycling of waste materials
 - Developing a sustainable business, whereby all the resources used by the organisation are replaced
 - All of the above
58. An organization should _____ the use of non-renewable (and polluting) energy resources such as oil and coal and _____ the use of renewable energy sources (water, wind) to sustain the environment for future generation.
- Increase, increase
 - Cut down, increase
 - Cut down, cut down
 - None of the above
59. Environment being the primary focus of corporate social responsibility, businesses regardless of size, have large _____.
- Environmental issues
 - Carbon footprints
 - Ethical issues
 - None of the above

60. Poor _____ can create a very negative image for an organisation, can be expensive for the firm and/or the executives involved, and can result in bankruptcy and jail time for the offenders.
- Consumers treatment
 - Business ethics
 - Business guidelines
 - None of the above
61. Which one of the following cannot be the consequence of unethical behavior?
- Payment of fines to authorities or compensation to individuals who have suffered as a consequence of illegal behavior
 - When business act legally but in a way that the general public considers immoral, there is risk of action by the government to make such action illegal
 - Businesses that act in an unethical way are also exposed to reputation risk
 - None of the above
62. Many large organizations take the view that in a competitive business environment, customer _____ depends on the general public's perception of the organization's behavior, which establishes a reputation.
- Royalty
 - Stake
 - Loyalty
 - None of the above
63. Imran and Shehbaz are two business owners. They are invited on a dinner. During the event, they get into a debate which gets heated. Both Imran and Shehbaz lose their cool and get into a verbal fight. This behavior demonstrates violation of the fundamental principle of professional ethics.
- Confidentiality
 - Professional competence and due care
 - Professional behavior
 - Objectivity
64. When business conduct is _____ or in breach of regulations, there is a risk of being found out.
- Legal
 - Illegal
 - Ethical
 - None of the above
65. Reputation comes from _____, such as providing high quality products at a fair price. It also comes from ethical behavior.
- Laws
 - General public perception

- c. Business standard
 - d. Business practice
66. Although the evidence for the importance of reputation risk is _____, there is no doubt that many large organisations are very aware of their reputation and reputation risk.
- a. Conclusive
 - b. Inconclusive
 - c. Certain
 - d. Incontestable
67. To sustain the business reputation, the organizations have to make high investment through _____ and pursuing ethical business strategies.
- a. Business connections
 - b. Public relations
 - c. International support
 - d. National
68. Which of the following organizations have been exposed to reputation risk?
- a. Organisations accused of polluting the environment
 - b. Organisations in the food and drugs industries accused of selling dangerous food products or dangerous drugs
 - c. Organisations accused of buying from suppliers in developing countries that use child labor or slave labor
 - d. All of the above
69. Ethical misconduct in any organization can lead to very serious consequences which can cause the organization _____ in trying to repair their business reputation and any legal issues that may arise depending on the severity of the situation.
- a. Ethical values
 - b. Management
 - c. Time and value
 - d. All of the above
70. In order to really protect an organisation from an ethical misconduct scandal, one needs to incorporate a _____ in order to stay on top of any unethical practices within the corporate environment.
- a. Ethical guidelines
 - b. Business code
 - c. Management plan
 - d. Strategic plan

71. It is difficult for employees to determine what conduct is acceptable within an organization, if _____.
a. The firm does not conduct training programs for their employees
b. The firm does not establish ethical policies and standard
c. The firm does not employ qualified personnel
d. All of the above
72. If a lack of ethics in a business becomes public knowledge, it may result in _____.
a. Business liquidation
b. Severe penalty
c. Loss of business credibility
d. None of the above
73. There is no doubt that lack of ethics in organization has negative effect on employee performance, but employees who feel acting ethically and following the rules will not get them ahead in the business sometimes feel a lack of motivation, which often leads to a decline in performance.
a. True
b. False
74. Which of the following is not the consequence of unethical behavior?
a. Loss of respect for employers
b. Tension among employees
c. Productivity level decrease
d. None of the above
75. If the organisation fails to provide good examples and direction for appropriate conduct, confusion and conflict will develop and create potential for _____.
a. Penalty
b. Misconduct
c. Loss
d. Risk
76. People choose between right and wrong based on their personal code of ethics, but they are also influenced by the ethical environment created by _____.
a. Employers
b. Society
c. Themselves
d. None of the above
77. The effectiveness of a code of ethics depends on the _____ of the organisation, its directors and senior managers.
a. Reputation

- b. Leadership
- c. Ethical standards
- d. Financial position

78. The purpose of distributing the written statement of code of ethical behavior to all employees is that the employees must comply with this and the decisions and actions of all employees in the organisation must be guided by the code.

- a. True
- b. False

79. If ethical codes are to be effective, then they must strongly be endorsed from the _____ of organization.

- a. Top
- b. Bottom
- c. Mid
- d. None of the above

80. IFAC stands for _____.

- a. International Federation of Accounting Committee
- b. International Federation of Accountants
- c. International Financial Accountants
- d. International Financial Accountants' Committee

81. IFAC is a global organization of the accountancy profession comprising more than 571 member and associate organizations in 103 countries and jurisdictions, representing nearly 3 million professional accountants.

- a. True
- b. False

82. IFAC develops and issues, in the public interest, high- quality ethics standards and other pronouncements for professional accountants for use around the world.

- a. True
- b. False

83. The Institute of Chartered Accountants of Pakistan(ICAP) is a member of the International Federation of Accountants (IFAC) and adopted its code of ethics.

- a. True
- b. False

84. Ethical behavior by chartered accountants plays a vital role in ensuring public trust in _____ and business practices and upholding the reputation of the accountancy profession.

- a. Business values

- b. Financial reporting
 - c. Financial credibility
 - d. None of the above
85. The Code requires that chartered accountants should comply with five fundamental principles of professional ethics which of the following is a principle of professional ethics?
- a. Integrity
 - b. Objectivity
 - c. Professional competence and due care
 - d. All of the above
86. The fundamental principle of integrity is to be straightforward and honest in all _____ and _____ relationship.
- a. Social, public
 - b. Professional, business
 - c. Ethical, cultural
 - d. All of the above
87. Objectivity involves not compromising professional or business judgments because of _____.
- a. Bias
 - b. Conflict of interest
 - c. Undue influence of others
 - d. All of the above
88. Professional competence and due care refers to attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current _____ and _____ standards and relevant legislation.
- a. Technical, professional
 - b. Business, professional
 - c. Financial, chartered
 - d. All of the above
89. Which of the following refers to keeping secret the information acquired as a result of professional and business relationships?
- a. Secrecy
 - b. Confidentiality
 - c. Objectivity
 - d. Integrity

90. Professional behavior explains to comply with relevant laws and regulations and _____ any conduct that the chartered accountant knows or should know might discredit the profession.
- a. Rectify
 - b. Avoid
 - c. Control
 - d. All of the above
91. With respect to business ethics, managers and business owners make business decisions based on what they believe to be _____ and _____.
- a. Measurable, profitable
 - b. Right, wrong
 - c. Good, bad
 - d. All of the above
92. Conflict of interest occurs when the official responsibilities of an employee or government official are influenced by the potential for _____ gain.
- a. Business
 - b. Public
 - c. Personal
 - d. Professional
93. Abusive or intimidating behavior is the most common ethical problem for employees. These concepts can mean anything from physical threats, false accusations, profanity, insults, yelling, harshness, and irrationality to ignore someone or simply being annoying.
- a. True
 - b. False
94. Many organizations use rules and processes to maintain _____ controls with respect to authority of the managers. Although these rules may seem troublesome to employees trying to serve customers, a violation may be considered an unethical act.
- a. Environmental
 - b. Internal
 - c. External
 - d. Management
95. The perceived importance of an ethical issue substantially affects choices. However, only a few issues receive scrutiny, and most receive no attention at all. Is it true?
- a. Yes
 - b. No

96. From being _____ a business embraces socially responsible policies that can help in attracting and retaining customers, which is essential to an organisation's long-term success.
- Financially sound
 - Economically developed
 - Socially responsible
 - Ethically responsible
97. Among five main aspects of CSR one of the main aspect is that an organization should demonstrate respect for basic _____ rights.
- Political
 - Human
 - Official
 - Business
98. An organization should have a _____ code of ethical behavior and should expect everyone in the organization to act in accordance with the ethical guidelines in that code.
- Adaptable
 - Constructive
 - Formulated
 - Recognized
99. The fair treatment of employees can be assessed by the organisation's _____ policies, such as providing good working conditions and providing education and training to employees.
- Appraisal
 - Personnel
 - Employment
 - Management
100. Businesses can practice _____ responsibility by donating money, products or services to causes and nonprofits.
- Business
 - Social
 - Ethical
 - All of the above
101. Organisations with a good reputation find it easier to win and keep loyal customers, and also loyal employees. When a business reputation is damaged, there is a risk of losing customers to _____ organisations.
- International
 - Rival
 - Reputable

d. None of the above

102. The main goal of any corporation is to drive through _____ to maintain a strong presence in the business world.

- a. Sales from customers
- b. Being socially responsible
- c. Business ethics
- d. Profit from sales

103. When a level of unethical behavior starts to form, it can cause productivity levels to decrease which surround the person or corporation in question. This in turn can cause employees to feel unmotivated resulting in a complete slowdown of the sale process that can lose organization's valuable time and money.

- a. True
- b. False

104. When managers or leaders start to make _____ decisions, it can lead to employees losing a lot of respect for their bosses. As a result, employees may also feel resentful towards their leaders. This is because, as a part of the organisation, they feel their reputation is also starting to fall apart along with the business's reputation.

- a. Unstructured
- b. Over budgeted
- c. Unethical
- d. All of the above

105. In severe cases of unethical misconduct, it can lead to _____ legal issues that result in loss of time, large fines, and other penalties including imprisonment. In addition to this, executives who break the law can lead employees the mistakes and face criminal charges.

- a. Different
- b. Same
- c. Severe
- d. Minor

106. In which of the following way organization can reduce the potential for ethical consequences?

- a. By educating their employees about ethical standards
- b. By providing current news on ethical issues
- c. By leading through example
- d. All of the above

107. Organization can reduce the potential for ethical consequences through various _____ and _____ programs.

- a. Professional, ethical

- b. Training development
- c. Formal, informal
- d. Ethical, legal

108. If ethical codes are to be effective, then:
- a. Training must be given. If not, many employees might not even be aware of it exists, let alone know how to apply it
 - b. The code must be kept up-to-date
 - c. The code must be available to all, for example, through the corporate website
 - d. All of the above
109. For philanthropy larger organisations tend to have a lot of resources that can benefit charities and local community programs.
- a. True
 - b. False
110. By treating employees fairly and ethically, organisations can demonstrate their _____. This is especially true of businesses that operate in international locations with labor laws that are different from those in the developed world.
- a. Good governance
 - b. Social responsibility
 - c. Rules of business
 - d. Ethical laws
111. By doing good deeds without expecting anything in return, organisations can express their concern for specific issues and commitment to certain organizations.
- a. True
 - b. False
112. Attending _____ events says a lot about organization's sincerity.
- a. Business
 - b. Organization's own
 - c. Volunteer
 - d. Governmental

ANSWER KEY TO CHAPTER 6

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	b	29	a	57	d	85	d
2	d	30	a	58	b	86	b
3	b	31	b	59	b	87	d
4	d	32	c	60	b	88	a
5	a	33	c	61	d	89	b
6	b	34	b	62	c	90	b
7	b	35	c	63	c	91	b
8	b	36	c	64	b	92	c
9	b	37	c	65	d	93	a
10	c	38	b	66	b	94	b
11	c	39	a	67	b	95	a
12	b	40	b	68	d	96	c
13	b	41	b	69	c	97	b
14	d	42	b	70	c	98	d
15	b	43	a	71	b	99	c
16	d	44	c	72	c	100	b
17	b	45	d	73	a	101	b
18	d	46	a	74	d	102	a
19	b	47	a	75	b	103	a
20	d	48	a	76	a	104	c
21	b	49	b	77	b	105	c
22	c	50	c	78	a	106	d
23	d	51	b	79	a	107	c
24	d	52	d	80	b	108	d
25	b	53	b	81	b	109	a
26	c	54	d	82	a	110	b
27	c	55	b	83	a	111	a
28	c	56	b	84	b	112	c

CHAPTER 7

MARKETING CONCEPT

1. Which of the following plays a key role in the success of a business by generating sales revenue, supported by branding and selling activities
 - a. Planning
 - b. Marketing
 - c. Financial management
 - d. Advertising
2. Marketing is a broad term which include the process of discovering the ____ and ____ of potential buyers and customers, and then providing goods and services that meet or exceed their expectations.
 - a. Details, particulars
 - b. Purchasing power, likes
 - c. Addresses, bio-data
 - d. Needs, wants
3. Marketing is an important part of a firm's overall strategy. Other functional areas of the business, such as operations, finance, and all areas of management, must be coordinated with marketing decisions.
 - a. True
 - b. False
4. Which of the following has the important function of providing revenue to sustain a firm?
 - a. Planning
 - b. Storing
 - c. Marketing
 - d. None of the above
5. With respect to marketing, by creating which of the following, a firm can succeed in the long run?
 - a. Specific business strategy
 - b. Trust and effective relationship with customers
 - c. Effective advertising strategies
 - d. Effective business rules and regulations
6. In marketing, businesses try to respond to which of the following and to anticipate changes in the environment?
 - a. Consumer rights

- b. Consumer needs and wants
 - c. Consumer interest and willingness
 - d. All of the above
7. Unfortunately, it is difficult to understand and predict what consumers want, hence, motives are often unclear. Therefore, few principles can be applied consistently; and markets tend to fragment, each desiring customized products, new value, or better service.
- a. True
 - b. False
8. Which of the following is not manipulating consumers to get them to buy products they do not want?
- a. Pressurizing
 - b. Tie-ins
 - c. Marketing
 - d. None of the above
9. Marketing is not just selling and advertising; it is a _____ approach to satisfying consumers' needs and wants.
- a. Functional
 - b. Traditional
 - c. Systematic
 - d. Constructive
10. XYZ, a leading company in market, deals in quality goods at reasonable prices. The company launched a new product. It hired a marketing team to launch a marketing campaign for the new product. However, the product did not gain the expected response from customers. Resultantly company had to discontinue the product. In your view, which of the following may be the cause for this failure?
- a. Company sold the new product at high prices
 - b. Quality of new product was poor
 - c. Company did not understand the customer needs and wants
 - d. None of the above
11. Marketing focuses on many activities—planning, pricing, promoting, and distributing products that _____ exchanges.
- a. Activate
 - b. Create
 - c. Foster
 - d. All of the above

12. Marketing is a group of activities designed to expedite transactions by creating, distributing, pricing, and promoting which of the following?
- Ideas, advices
 - Goods and services
 - Samples and gifts
 - Goods, services and ideas
13. Which of the following do marketing activities create by allowing individuals and organizations to obtain what they need and want?
- Value
 - Profit
 - Exchange
 - Growth
14. With respect to marketing a business cannot achieve its objectives unless _____.
- It designs the bestselling strategy
 - It sales high quality product at low price
 - It promotes the product to be launched
 - It provides something that customers value
15. Just creating an innovative product that meets many users' needs isn't sufficient in today's volatile global marketplace. Products must be _____.
- Conveniently available
 - Competitively priced
 - Uniquely promoted
 - All of the above
16. Which of the following is at the heart of all marketing activities?
- Goal
 - Exchange
 - Objective
 - Profit
17. Which of the following is the act of giving up one thing (money, credit, labor, goods) in return for something else (goods, services, or ideas)?
- Return
 - Production
 - Exchange
 - Trade

18. XYZ is a service company providing repair services for electronic items. Recently they repaired the AC properly and pleased the customer and in return they get satisfactory amount. Therefore, they created value for their services by providing satisfactory services. This illustration is drawing your attention towards which of the following process?
- Discount
 - Service
 - Exchange
 - Supply of goods
19. In which of the following relationship, businesses exchange their goods, services, or ideas for money or credit supplied by customers?
- Customer
 - Voluntary exchange
 - Voluntary business
 - Legal
20. Which of the following takes place when two parties give something of value to each other to satisfy their respective needs or wants?
- Trading
 - Selling
 - Distribution
 - Exchange
21. A person who volunteers for the company's CSR activity receives a souvenir or certificate in return for the time spent. Is this activity considered as exchange, as non-monetary things are exchange here?
- Yes
 - No
22. Companies build up their entire strategies around what would make the exchange possible and worthwhile for ____.
- Companies
 - Companies and consumers
 - Companies and governments
 - All of the above
23. One common misconception is that some people see no difference between marketing and _____. They are two different things that are both part of a company's strategy.
- Media campaign
 - Printing promotional material
 - Sales
 - None of the above

24. Sales incorporate selling (exchanging) the company's products or service to its customers, against which of the following?
- a. Return
 - b. Consideration
 - c. Value
 - d. None of the above
25. Marketing is the process of _____ the value of a product or service to customers so that the product or service sells.
- a. Selling
 - b. Promoting
 - c. Communicating
 - d. Exploring
26. Marketing concept involves the use of _____ to focus on the needs and wants of customers in order to develop marketing strategies that not only satisfy the needs of the customers but also accomplish the goals of the organization and generate value for the business.
- a. Marketing plans
 - b. Marketing data
 - c. Marketing techniques
 - d. None of the above
27. An organization uses which of the following when it identifies the buyer's needs and then produces the goods, services, or ideas that will satisfy?
- a. Selling concept
 - b. Marketing concept
 - c. Selling strategies
 - d. Planning strategies
28. The marketing concept is oriented toward pleasing customers (be those customers' organizations or consumers) by offering value.
- a. True
 - b. False
29. The marketing concept specifically involves which of the following?
- a. Focusing on the needs and wants of the customers so the organization can distinguish its product(s) from competitors' offerings. Products can be goods, services, or ideas
 - b. Integrating all of the organization's activities, including production and promotion, to satisfy these wants and needs
 - c. Achieving long-term goals for the organization by satisfying customer wants and needs legally and responsibly
 - d. All of the above

30. Today's competitive business environment has diverted all businesses, big or small, towards applying the _____.
- Marketing concept
 - Personal strategies
 - Flexible strategies
 - Limited strategies
31. Ride hailing services like Careem and Uber found that its customers are unable to get products or items delivered. Therefore, they started a delivery and logistics service using the existing fleet of cars and motor bikes. Keeping in view this scenario, choose one of the following factor that becomes the reason for this development.
- Service value
 - Customer value
 - Customer need
 - All of the above
32. Pizza Hut offers loyalty points or membership cards to regular customers to retain them and lure them away from new entrants. In your opinion which one of the following is the purpose for such offer?
- To encourage competition
 - To retain the customers value
 - To retain the profitability
 - All of the above
33. One important key to understanding the marketing concept is to know that using the marketing concept means the product is created after _____ is used to identify the needs and wants of the customers.
- Market research
 - Selling data
 - Marketing strategies
 - Marketing ideas
34. After products are created by production departments which of the following departments are expected to identify ways to sell them based on the research?
- Selling
 - Research
 - Marketing
 - All of the above
35. Why an organization that truly utilizes the marketing concept uses the data about potential customers from the very inception of the product?
- To create the best goods, service, or idea possible
 - To create other marketing strategies to support the product
 - All of the above

- d. None of the above
36. When an individual think of marketing products, he may think of tangible things—
a. MP3 players, or books, for example. But what most consumers want, however,
is a way to get a job done, solve a problem, or gain some enjoyment from that
marketing products.
- a. True
b. False
37. The individual purchases the product not because he wants the product but because he
wants the services that the product provides.
- a. True
b. False
38. The tangible product itself may not be as important as the image or the benefits _____
with the product:
- a. Associated
b. Created
c. Explored
d. Required
39. The tangible product itself may not be as important as the image or the benefits
associated with the product. This _____ “something of value” may be capability
gained from using a product or the image evoked by it, or even the brand name.
- a. Tangible
b. Intangible
c. Benefits
d. Satisfaction
40. Which of the following may also offer the added bonus of being a conversation piece
in a social environment?
- a. Product or services
b. Label or brand
c. Needs or wants
d. Customer satisfaction
41. Marketing focuses on a complex set of activities that must be performed to
accomplish objectives and generate which of the following?
- a. Reputation
b. Exchange
c. Profit
d. None of the above

42. XYZ is a company and it intends to launch a product but is undecided as to what product to create. Therefore, the senior managers consult the marketing manager to survey the market to understand the buyers' need and desire to determine what products is to be made. This illustration shows which one of the following market activity?
- Marketing research
 - Buying
 - Production of a product
 - Product designing
43. In addition to buying, selling, transporting, grading, branding, and storing which of the following are the activities on which marketing focuses?
- Financing
 - Marketing research
 - Risk taking
 - All of the above
44. Everyone who shops for products (consumers, stores, businesses, governments) decides whether and what to buy. A marketer must understand which of the following to determine what products to make available?
- Product features and functions
 - Buyer's need and desires
 - Buyer's buying potential
 - Buyer's demand
45. Through which of the following the exchange process is expedited?
- Display
 - Selling
 - Innovation
 - None of the above
46. Through which of the following, selling (a persuasive activity) is accomplished?
- Transporting
 - Grading
 - Promotion
 - All of the above
47. ABC is a leading company that creates a product and intends to earn maximum profit from the sale of that product. To launch the product publicly they run an advertising campaign. Which turn out to be great in encouraging sales. Which of the following marketing activity is being done in this example?
- Promotion
 - Selling
 - Branding

- d. Advertising
48. Which of the following is an activity that the marketing department would undertake in order to increase sales or promote the products?
- a. Transporting
 - b. Storing
 - c. Branding
 - d. Grading
49. Branding is one of the activity marketing helps in _____ the product from alternatives.
- a. Categorizing
 - b. Assessing
 - c. Differentiating
 - d. None of the above
50. Which of the following is the process of moving products from the seller to the buyer?
- a. Buying
 - b. Selling
 - c. Transporting
 - d. Carriage
51. Marketers focus on transportation _____ and _____.
- a. Time, value
 - b. Costs, service
 - c. Facility, availability
 - d. None of the above
52. For which of the purpose warehouses hold some products for lengthy periods?
- a. To create time utility
 - b. To optimize availability of some products
 - c. All of the above
 - d. None of the above
53. Fresh oranges are only available for a few months annually as it is seasonal fruit, but consumers demand juice throughout the entire year. Sellers must arrange for cold storage of orange juice concentrate so that they can maintain a steady supply all of the time. This is the example of which of the following marketing activity?
- a. Grading
 - b. Buying
 - c. Storing
 - d. Selling

54. Which of the following refers to standardizing products by dividing them into subgroups?
- Labeling
 - Grading
 - Buying
 - Promotion
55. In grading, products are displayed and labeled so that consumers clearly understand their ____.
- Class and brand
 - Nature and quality
 - Features and functions
 - Purpose and objective
56. At Imtiaz super market all the products are kept according to their category and standard in a separate shelf, so that the consumers easily understand the nature and quality of product. What activity of marketing did they approach?
- Branding
 - Grading
 - Labeling
 - All of the above
57. Which of the following establishes set of standards according to which products are graded?
- Corporations
 - Government
 - International organizations
 - All of the above
58. The strategy of arranging credit by markets to expedite the purchase refers to which of the following marketing activity?
- Branding
 - Selling
 - Financing
 - Grading
59. Through which of the following marketers ascertains the need for new goods and services?
- Customer desire
 - Marketing research
 - Market segmentation
 - Consumption of the product

60. By gathering information regularly through research, marketers can detect ____.
- Consumer income
 - New trends and changes in consumer tastes
 - New competitors in the market
 - None of the above
61. Which of the following is the chance of loss associated with marketing decisions?
- Competition
 - Risk
 - Government laws
 - All of the above
62. Which of the following will create a chance of loss while developing a new product?
- If consumers do not accept the product or its associated promotion in the intended way
 - If the product promotion give rise to competition
 - If the product is highly priced with high quality and has extra features
 - None of the above
63. If consumers do not accept the product or its promotion in the intended way this would present, the risk of losing all costs associated with developing the product and related investments.
- True
 - False
64. In marketing, it is important to understand the _____ for which the entire process is developed by any business.
- Concept the production
 - Concept of marketing
 - Concept of product
 - Concept of sale
65. Which of the following is a complex mix of tangible and intangible attributes that provide satisfaction and benefits?
- Product
 - Services
 - Ideas
 - None of the above
66. According to Kotler and Armstrong: _____ is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy want or need. It includes physical objects, services, persons, places, organizations and ideas.
- Goods

- b. Services
- c. Sale
- d. Product

67. A good is ____ entity that can be touched.

- a. Temporary
- b. Intangible
- c. Physical
- d. Abstract

68. A service is the application of human and mechanical efforts to people or objects to provide intangible benefits to customers.

- a. True
- b. False

69. ____ includes concepts, philosophies, images, and issues.

- a. Service
- b. Consultancy
- c. Ideas
- d. All of the above

70. Political parties, lobby group, and schools are ____ of ideas.

- a. Professionals
- b. Marketers
- c. Advisors
- d. Consultants

71. A product has ____ characteristics, that include everything that the buyer receives from an exchange.

- a. Emotional
- b. Physical
- c. Psychological
- d. All of the above

72. With the emotional and psychological, as well as physical characteristics means, product includes supporting services such as installation, guarantees, product information, and promises of repair.

- a. True
- b. False

73. Products usually have both ____ and ____ attributes.

- a. desirable; satisfactory
- b. favorable, unfavorable

- c. significant, beneficial
- d. None of the above

74. Almost every purchase or exchange involves _____ as consumers try to maximize their benefits and satisfaction and minimize unfavorable attributes.
- a. Return
 - b. Branding
 - c. Trade off
 - d. Benefits
75. _____ is most visible among firm's contact with customers.
- a. Customer relationship
 - b. Product
 - c. Advertisement
 - d. Promotion
76. If products do not meet consumer needs and expectations, sales will be difficult, and product _____ will be brief.
- a. Life span
 - b. Consumption
 - c. Buying process
 - d. Creation
77. Which of the following is an important variable and often the central focus of the marketing mix.
- a. Promotion
 - b. Price
 - c. Product decision
 - d. Product
78. The variables such as price, promotion and distribution must be coordinated with which of the following?
- a. Marketing mix
 - b. Product decisions
 - c. Production decisions
 - d. Marketing decisions
79. Which of the following is the characteristic of a product?
- a. A product needs to be relevant
 - b. A product needs to be communicated
 - c. A product needs a name
 - d. All of the above

80. A product needs to be relevant so that the users must have an immediate use for it. A product needs to be functionally able to do what it is supposed to, and do it with a good quality.
- a. True
 - b. False
81. A product needs to be communicated so that users and potential users must know ____.
- a. Why they need to use the product
 - b. What benefits they can derive from it
 - c. What it does difference it does to their lives
 - d. All of the above
82. Which of the following best communicates the product?
- a. Advertising
 - b. Brand building
 - c. All of the above
 - d. None of the above
83. A product needs a name because the product with a name becomes a ____.
- a. Goodwill
 - b. Brand
 - c. Physical entity
 - d. All of the above
84. Which of the following helps the product stand out from the clutter or products and names?
- a. Product features
 - b. Brand
 - c. Grading
 - d. Product nature
85. A product should be adaptable with trends, time and change in segments so that the product can lend itself to ____ to make it more relevant and maintain its revenue stream.
- a. Consumer need
 - b. Adaptation
 - c. Environment
 - d. None of the above
86. XYZ restaurant offers shakes and juices in summer while they switch to tea, coffee and soup in winter as per the customer need and according to the trend. This relates to which one of the following characteristics of product?

- a. Adaptability
 - b. Name
 - c. Relevance
 - d. Communication
87. Adaptability with trends, and time helps in ____.
- a. Maintaining name
 - b. Maintaining revenue
 - c. Changing customer needs
 - d. None of the above
88. Marketers must know how consumers view the types of products their companies sell so that they can design the ____ to appeal to the selected ____.
- a. Selling strategy, consumers
 - b. Buying strategy, buyers
 - c. Marketing mix, target market
 - d. Marketing strategy, market segments
89. To select the target markets, marketers divide product into which of the following main category?
- a. Consumer products
 - b. Industrial products
 - c. All of the above
 - d. None of the above
90. Products that are bought by the end user are called ____.
- a. Semi manufactured products
 - b. Raw product
 - c. Industrial products
 - d. Consumer products
91. Electric razors, sandwiches, cars, stereos, magazines, and houses are the examples of ____.
- a. Industrial products
 - b. Consumer products
 - c. Raw products
 - d. None of the above
92. Most products produced to serve consumers can be classified as ____.
- a. Convenience products
 - b. Shopping products
 - c. Specialty products
 - d. All of the above

93. A man goes to buy milk, the price of milk at the shop is Rs.150/kg. Without bothering about price and comparing it with the price other shops are offering, he buys the milk. This indicates which class of the consumer product?
- Shopping product
 - Specialty product
 - Convenience product
 - None of the above
94. Asma, a house wife, goes for shopping for clothes. During the shopping she finds that at one shop the price of the dress she has chosen is high and at the other shop the price of the same dress is comparatively low with better quality stuff. So she buys the dress from the shop which is offering low rates. This is the example of which type of consumer good?
- Specialty product
 - Shopping product
 - Convenience product
 - All of the above
95. A lady at shopping mall enters the famous designer outlet and buys the very expensive dress. As she is so many brands conscious she willingly pays the demanded price. The dress she purchased is the example of specialty product.
- True
 - False
96. Before purchasing shopping goods, consumers typically shop around and compare the prices and quality of competing products.
- True
 - False
97. When evaluating specialty products, consumers base their purchasing decision primarily on personal preference, not on ____.
- Comparative alternative
 - Comparative pricing
 - Comparative quality
 - None of the above
98. Industrial products are the ____ which are used as input for manufacturing other products.
- Raw materials
 - Capital items
 - Supplies
 - All of the above

99. Unlike consumer goods, Industrial products are for indirect consumption. These are meant for business and _____ use as well.
- Personal
 - End consumption
 - Non-personal
 - None of the above
100. Industrial products have limited buyers, since they are not _____, because these goods are not bought by buyers for direct consumption.
- Business products
 - Industrial products
 - Consumer products
 - Unfinished products
101. Cooking oil is a consumer product when bought by a housewife for cooking purpose, but if it is bought by a hotelier or bakery unit, who buys it as input and sells it to the ultimate consumer as a different product. Is it true that a product may not be exclusively classified as consumer goods or industrial goods?
- Yes
 - No
102. XYZ is biscuit company purchases milk a convenience product for the making of biscuit. There is a direct consumption of the milk in making of biscuit. So here the milk is considered as _____ product.
- Consumer
 - Industrial
 - Convenience
 - None of the above
103. The rationale of classifying goods into consumer goods and industrial goods is the divergence in _____ in respect of these two sets of products.
- Buying motives
 - Approaches
 - Attitude
 - All of the above
104. Is it true that the industrial product buyer is more cost, quality, standard conscious and more deliberative?
- True
 - False

105. The consumer product buyer is said to be more impulsive and under psychological pressures while taking purchase decisions, as his purchase will ultimately affect the end product.
- True
 - False
106. From among the four broad categories of industrial goods, which of the following best describes these goods: tires, ACs, lamps, batteries, radiators, pistons and air conditioners used in the production of cars?
- Raw material
 - Manufactured parts
 - Capital items
 - Supplies
107. Manufactured components are used without any change in the end product, while manufacturing materials undergo a change.
- True
 - False
108. From among the four broad categories of industrial goods, which of the following best describes these goods: plant, machinery and equipment; lift truck or welding machine; computer or fax machine?
- Raw material
 - Manufactured parts
 - Capital items
 - Supplies
109. Some of the manufactured materials are 'worked upon' or further processed to make _____.
- Intangible product
 - Industrial product
 - End product
 - None of the above
110. Which of the following characteristic sets apart capital items from others?
- These items are short term assets
 - These are long term assets
 - These items are not depreciable
 - None of the above
111. Assembly lines, machineries, plants and welding robots are examples of capital items. Hence we can say that capital items only belong to factory.
- True

- b. False
112. Industrial products are usually indirect items that contribute to the production of end product.
- a. True
b. False
113. In industrial products, which of the following are usually indirect items that contribute to the production of end product?
- a. Supplies
b. Land
c. Intangible items
d. None of the above
114. Supplies are _____ whose presence does not directly matter but their shortage can have a significant effect.
- a. Primary requirement
b. Conditional requirement
c. Hygiene requirement
d. All of the above
115. Supplies are indirect items and are also called _____.
- a. Non-consumables
b. Consumables
c. Manufactured materials
d. Raw materials
116. Which of the following is exchanged against cash but remains unowned and unstored?
- a. Service
b. Raw material
c. Product
d. Goods
117. Digital product is created in a digital format as a _____.
- a. Good
b. File
c. Service
d. None of the above
118. Is it true that in case of buying industrial products, decision of buyers are influenced by technical specification and goodwill?
- a. Yes
b. No

119. Decision of buyers of consumer product are influenced by advertising and various sales promotional schemes.
- a. Yes
 - b. No
120. Installation, operating supplies, fabricating parts and materials and accessory equipment are _____.
- a. Consumer goods
 - b. Industrial goods
 - c. Physical goods
 - d. None of the above
121. Marketing strategy is a plan of action for _____ that meet the needs of specific customers
- a. Developing, pricing and promoting products
 - b. Pricing, integrating, distributing, and promoting products
 - c. Developing, pricing, distributing, and promoting products
 - d. All of the above
122. To implement the marketing concept and customer relationship, a business needs to develop and maintain a _____.
- a. Business plans
 - b. Production plan
 - c. Product design
 - d. Marketing strategy
123. Which of the following is the component of marketing strategy?
- a. Selecting a target market
 - b. Developing an appropriate marketing mix to satisfy the selected target market
 - c. Both a and b
 - d. None of the above
124. Marketing strategy is a plan of action for developing, pricing, distributing, and promoting products that meet the needs of specific customers.
- a. True
 - b. False
125. To satisfy a target market, marketers need to develop an appropriate _____.
- a. Marketing mix
 - b. Marketing strategy
 - c. Promotional schemes
 - d. None of the above

126. A market is a group of _____ who have the needs, purchasing power of customers and the desire and authority to spend money on goods, services, and ideas.
- a. Marketers
 - b. People
 - c. Organizations
 - d. Sponsors
127. A _____ is a more specific group of consumers on whose needs and wants a company focuses its marketing efforts.
- a. Market
 - b. Target market
 - c. Target companies
 - d. None of the above
128. Khaadi initially focused on women aged 25 and above as the target market for its products. Later on the brand expanded to cater to not only women of all age groups but men and children as well. This strategic focus allowed the company to tailor products to attract specific demographics with much success. In the past few years, the company has even diversified into home linen and accessories and created spin-off brands like Chapter 2 by Khaadi for a funkier and experimental set of consumers within their target market. This is the example of which of the following?
- a. Target consumers
 - b. Grading
 - c. Target market
 - d. Branding
129. The strategic focus on _____ allows a company to tailor products to attract specific demographics with much success.
- a. Customer needs
 - b. Target market
 - c. Marketing strategy
 - d. Marketing mix
130. Identifying a target market helps a company focus its marketing efforts on which of the following?
- a. Those who are unaware of the product and services offered by the company
 - b. Those who are most likely to buy its product or services
 - c. Those who are interested in investing in the company
 - d. Everyone
131. Concentrating on _____ enables a company to use the resources efficiently.
- a. Productivity
 - b. Inactive markets
 - c. Potential customers

d. Business management

132. Target markets can be broadly classified as consumer markets or _____.

- a. Physical market
- b. Product market
- c. Commodity market
- d. Industrial market

133. Consumer markets exist for various _____ products and services (such as cameras, clothes, and household items), while industrial markets exist for _____ products that are purchased by firms.

- a. consumer, consumer
- b. industrial, industrial
- c. industrial, consumer
- d. consumer, industrial

134. Which of the following product can serve both consumer market and industrial market?

- a. Cameras
- b. Clothes
- c. Tires
- d. All of the above

135. Firms attempt to describe their target markets more _____. Because classification of markets as consumer or industrial provides only a broad description of the types of customers who purchase product.

- a. Broadly
- b. Narrowly
- c. Largely
- d. None of the above

136. Which of the following is a approach used by some firms in which they try to appeal to everyone and assume that all buyers have similar needs and wants?

- a. Total market approach
- b. Narrow market approach
- c. Broad market approach
- d. None of the above

137. Which of the following is the characteristics of consumer products?

- a. The buyers of consumer goods are limited
- b. These products are used for further production of other goods.
- c. These products have 'direct demand'
- d. These products have 'derived demand'

138. Which of the following is a collection of individuals, groups, or organizations who share one or more characteristics and thus have relatively similar product needs and desires.
- a. Target market
 - b. Market segment
 - c. Product Market
 - d. Product segment
139. Which of the following is the process of separating, identifying, and evaluating the layers of a market to identify a target market?
- a. Marketing
 - b. Disintegration
 - c. Target market
 - d. Market segmentation
140. Which of the following are the common traits used to describe a target market segment?
- a. Consumer's gender
 - b. Consumer's age
 - c. Consumer's income bracket
 - d. All of the above
141. Characteristics (such as family size, income, education etc) of which of the following factor of target market segmentation can be readily measured?
- a. Social factors
 - b. Geographic
 - c. Demographic
 - d. None of the above
142. Climate, terrain, natural resources, population density and sub cultural values, are the geographical characteristics influential for consumer needs and product usage.
- a. True
 - b. False
143. XYZ is an electronic company. They sell ACs in summer and heaters in winter. Company segmented market on which of the following factor.
- a. Social
 - b. Demographic
 - c. Geographic
 - d. None of the above

144. ABC restaurant provides a play area in the restaurant for kids. This is an example of which factor of market segmentation?
- a. Demographic
 - b. Social
 - c. Geographic
 - d. None of the above
145. After developing the products and services as per customer needs and wants, the second step in developing a market strategy is determining the five different components of marketing mix. These components are called ____.
- a. The Qs
 - b. The Five Ps
 - c. The five Cs
 - d. None of the above
146. Which of the following is included in the five different components of marketing mix (Five Ps)?
- a. Product
 - b. Price
 - c. Place
 - d. All of the above
147. Which of the following is included in the five different components of marketing mix (Five Ps)?
- a. Promotion
 - b. People
 - c. Both a and b
 - d. None of the above
148. Five Ps are the ____ used by marketers to develop and market products.
- a. Method
 - b. Tools
 - c. Processes
 - d. All of the above
149. The five Ps of marketing are also called ____.
- a. Marketing strategy
 - b. Market segmentation
 - c. Marketing Mix
 - d. None of the above

150. The five Ps of marketing mix was traditionally called the 4Ps. Which of the following was subsequently added as 5th P?
- a. People or process
 - b. Process or packaging
 - c. People or physical evidence
 - d. People or packaging
151. Every product is made at _____ and each is sold at _____. Choose the most appropriate.
- a. cost, exchange
 - b. expense, exchange
 - c. expense, price
 - d. cost, price
152. Each product has a useful life after which it needs _____ and a life cycle after which it has to be _____.
- a. replacement, disposed of
 - b. reproduction, reinvented
 - c. reorganization, replacement
 - d. replacement, reinvented
153. Price is a value that a consumer is willing to give up in exchange for a product. Is it true that price may be monetary or non-monetary?
- a. Yes
 - b. No
154. Price is a value that marketers are willing to obtain from customers in exchange of a product. Therefore, marketers view _____ as much more than a way of assessing value.
- a. Product
 - b. Price
 - c. Promotion
 - d. All of the above
155. ABC motors runs rent-a-car business. At the end of every month they collect rent of their rented cars. Here, rent is considered as _____ for ABC motors in marketing terminology.
- a. Price
 - b. Rent income
 - c. Sales
 - d. Revenue

156. Is it true that rent, fees and charges are different forms of price?
- Yes
 - No
157. Due to which of the following reason, price is a key element of marketing mix?
- Because it indicates the lifecycle of product
 - Because it cannot be changed quickly
 - Because it directly relates to the generation of revenue and profits
 - Because it is helpful in maintaining business relationship and reinforcing goodwill
158. ABC Company deals in clothes of high quality and having outlets at different locations. They have a lot of regular customers who always buy their clothes from there, irrespective of the prices of clothes. To attract more customers, they offer discount twice in a year. For that they always use promotional activities to inform the customers. Through discount they always get amazing response. Keeping in view the scenario, choose one of the following factor which stimulate the demand. Which of the following marketing mix tool stimulates the demand?
- Price
 - Product
 - Place
 - Promotion
159. Which of the following refers to the process of distribution or making products available to customers in the quantities desired?
- Price
 - Place
 - Promotion
 - People
160. Transporting, warehousing, materials handling, and inventory control, as well as packaging and communication are the activities done by the intermediaries to make the product available for consumers. These activities related to which tool of marketing mix?
- Promotion
 - Product
 - Place
 - All of the above
161. Wholesalers and retailers, perform many of the activities required to move products efficiently from producers to consumers or industrial buyers and are called _____.
- People
 - Marketers
 - Intermediaries

- d. None of the above
162. Which of the following includes methods for informing and influencing customers to buy the product?
- a. Price
 - b. Promotion
 - c. Place
 - d. None of the above
163. In addition to traditional advertising, social media and e-commerce which of the following is the other component of promotion?
- a. Public relations
 - b. Sales promotion
 - c. Personal selling
 - d. All of the above
164. Which one of the following is the aim of promotion?
- a. To communicate directly with individuals, groups, and organizations to facilitate sales of a product.
 - b. To communicate indirectly with individuals, groups, and organizations to facilitate sales of a product.
 - c. Both a and b
 - d. None of the above
165. Which of the following includes the process of utilizing organization's employees to support the marketing strategies of the company?
- a. Place
 - b. Promotion
 - c. Product
 - d. People
166. All products have tangible and intangible aspects. People (as a marketing strategy) are crucial to the development of the product's intangible aspects.
- a. True
 - b. False
167. Most product experience a product life cycle, or a typical set of phases of product _____.
- a. At their inception
 - b. Over their life time
 - c. At their growth
 - d. None of the above

168. The marketing decisions made about a particular product may be influenced by:
- Previous phase of the cycle
 - Prevailing phase of the cycle
 - Future phase of the cycle
 - All of the above
169. When do product managers create marketing mixes for their products?
- As the products move through the growth
 - As the products move through the life cycle
 - As the products move through the prevailing phase of life cycle
 - As the products move through the maturity to decline
170. The product life cycle is a pattern of ____ and ____ over time for a product or a product category.
- Cost, sales
 - Introduction, decline
 - Sales, profit
 - Maturity, decline
171. At which of the following stages of the life cycle of product, the firm must keep revising the marketing mix?
- As the product moves through the stages of the life cycle
 - As the product reaches the stage of demise
 - As the product moves through the stage of maturity
 - None of the above
172. In some cases, at the introduction phase of the product, the product is first tested in particular areas to determine consumer ____.
- Purchasing power
 - Reaction
 - Demand
 - None of the above
173. The initial cost of producing and advertising the product may exceed the revenue received during ____ phase of the product.
- Introduction
 - Growth
 - Demise
 - Middle
174. At which condition the price of the product may be set high at the initial phase?
- When high cost is incurred in production of the product
 - When the company has to bear high promotion cost

- c. When there is no competing product in the market yet
 - d. When the company produces limited products
175. The strategy to set high price at the initial phase of the product, if no other competing products are in the market yet is known as _____ strategy.
- a. Price skimming
 - b. Price skating
 - c. Price cycling
 - d. None of the above
176. At which of the following phase the sales of the product increase rapidly?
- a. Introduction
 - b. Growth
 - c. Maturity
 - d. Decline
177. The _____ of the product is typically intended to reinforce its features at growth level.
- a. Grading
 - b. Selling
 - c. Marketing
 - d. None of the above
178. The maturity phase is the period in which additional competing products have entered the market, and sales of the product level off because of the increased competition.
- a. True
 - b. False
179. In which of the following phase, firms that are aware of product's success may attempt to create a similar or superior product?
- a. Introduction phase
 - b. Growth phase
 - c. Maturity Phases
 - d. Decline phase
180. At the growth stage, the price of the product may be _____ once competing products enter the market.
- a. High
 - b. Stagnant
 - c. Lowered
 - d. None of the above

181. ABC a reputable firm sells electronic items. They realized that a lot of competitors have entered the market and are trying to gain market share. Therefore, the company has offered discount on its items. In your view at which of the following phase of the product life cycle the company is offering this discount?
- Growth
 - Maturity
 - Decline
 - None of the above
182. Most marketing strategies are used at _____ to ensure that customers are still aware that the product exists.
- Introduction level
 - Growth level
 - Maturity level
 - Decline
183. Is it true that at maturity level the firm may maintain market share through product differentiation strategy?
- True
 - False
184. At maturity level firm may _____ the design of the existing product (product differentiation) to maintain market share.
- Change
 - Revise
 - Assess
 - Identify
185. Due to which of the following, the firm may face decline?
- Government taxes
 - Trade union
 - Competitors
 - Climate
186. Which of the following may be faced by the firm at decline phase of the product?
- Shortage of supply
 - Reduced consumer demands
 - Decline in production
 - None of the above
187. Due to which of the following reason the sale of the product decline at decline phase of product?
- Because of reduced consumer demand for that product

- b. Because competitors are gaining market share
 - c. All of the above
 - d. None of the above
188. What would happen if the firm does not prepare for decline?
- a. The firm will offer maximum discount offers
 - b. The firm will move towards product diversification
 - c. The firm will sell the product at its cost
 - d. The firm will face an abrupt decline in sale
189. Which one of the following is the strategy some firms adopt before the anticipated decline phase?
- a. They may plan the discount offers so that the firm can make maximum sale of the product and the firm may not face decline
 - b. They may plan the revisions in their existing products or services to prepare for two or more years decline
 - c. They may plan the product diversification so that the growth of new product could meet the decline of existing product
 - d. None of the above
190. The word "brand" is derived from the Old Norse "brand" meaning to____, which refers to the practice of producers burning their mark or brand onto their products.
- a. Label
 - b. Ignite
 - c. Produce
 - d. Burn
191. Which of the following are considered among the first to use brands in the 1200s?
- a. Greeks
 - b. Italians
 - c. Turks
 - d. Chinese
192. Brands were first used in the form of watermarks on paper in the 1200s, however, in____, this concept originated in the nineteenth century with the introduction of packaged goods.
- a. Product- marketing
 - b. Mass-marketing
 - c. Store-marketing
 - d. None of the above

193. During the Mass Revolution, the production of many household items, such as soap, was moved from local communities to centralized factories to be mass-produced and sold to the wider markets.
- a. True
 - b. False
194. Which of the following were among the first products to be branded?
- a. Coca cola
 - b. Campbell Soup
 - c. Juicy fruit gum
 - d. All of the above
195. Which of the following is a method of identifying products and differentiating them from competing products?
- a. Product differentiation.
 - b. Branding
 - c. Grading
 - d. Marketing mix
196. Which of the following are typically represented by a name and a symbol?
- a. Grades
 - b. Brands
 - c. Trademarks
 - d. None of the above
197. Which of the following is a brand's form of identification that is legally protected from the use by other businesses?
- a. Grade
 - b. Symbol
 - c. Trademark
 - d. Label
198. "Coke" is often used to refer to any cola drink, and "Pampers" is frequently used to refer to any baby diaper. Therefore, we can say that some _____ have become so common that they represent the product itself.
- a. Label
 - b. Brand
 - c. Trademark
 - d. Logo
199. McDonald's, Nike, Pepsi, and Mercedes all have easily recognized symbols. Some symbols are more recognizable than the _____.
- a. Trademark

- b. Logo
 - c. Insignia
 - d. Brand name
200. Is it true that branding is absolutely critical to a business because of the overall impact it makes on a company?
- a. True
 - b. False
201. Branding can change how people perceive a brand, it can drive new business and increase _____ awareness.
- a. Fashion
 - b. Brand
 - c. Business
 - d. None of the above
202. Which one of the following statement is true about the effective branding?
- a. It encompasses everything that change the customer perception regarding the product of company in the minds of customer
 - b. It encompasses everything that makes the product similar to others
 - c. It encompasses everything that shapes the perception of a company or product in the minds of customers
 - d. None of the above
203. Promotion is often mistaken for marketing because it is the most _____ part of marketing, however marketing encompasses much more than just promotion.
- a. Invisible
 - b. Visible
 - c. Intangible
 - d. None of the above
204. Branding addresses virtually every aspect of customer's experience with which of the following?
- a. Environment or change
 - b. Trend or brand
 - c. Company or product
 - d. Market
205. Which of the following requires a deep knowledge of customers and how they experience the company or product?
- a. Branding
 - b. Storing
 - c. Selling
 - d. Buying

206. Which of the following requires long-term attention and investment in communicating about and delivering the unique value embodied in a company's "brand," however this effort reaps long-term profitability?
- a. Marketing
 - b. Brand building
 - c. Promotion
 - d. Marketing mix
207. In which of the following, branding can help as a new brand extension as product line builds on consumers' positive perceptions of the established brand?
- a. Revising existing product
 - b. New product introduction
 - c. Both a and b
 - d. None of the above
208. Which of the following is the reason as to why branding is important for a business?
- a. Because it gives rise to the competition and many competitors enter the market
 - b. Because of this a company can charge higher rates for its products at introduction level
 - c. Because of it a company gets recognition and becomes known to the customers
 - d. None of the above
209. Which of the following is the most important element of branding, especially where recognition factor is concerned, as it is essentially the face of the company?
- a. Trademark
 - b. Logo
 - c. Symbol
 - d. None of the above
210. As logo is essentially the face of the company that's why professional logo design should be powerful and easily memorable, making an impression on a person at first glance.
- a. True
 - b. False
211. Which of the following is important when trying to generate future business?
- a. Grading
 - b. Branding
 - c. Discounts
 - d. None of the above

212. A strongly established brand can increase _____ by giving the company more leverage in the industry.
- Customer's value
 - Competition
 - Business's value
 - Price
213. Branding is important when trying to generate _____ business, if it is strongly established it can increase a business' value by giving the company more leverage in the industry.
- Current
 - Past
 - Future
 - None of the above
214. In which of the following markets, branding can influence whether consumers will buy the product and how much they are willing to pay.
- B2C
 - B2B
 - B2C and B2B
 - None of the above
215. Strong branding generally means there is a _____ impression of the company amongst consumers, and they are likely to do business with a company.
- Good
 - Bad
 - Positive
 - Negative
216. It is the advantage of strongly established brand that customers are likely to do business with the company because of the familiarity and assumed dependability of using a _____ they can trust.
- Company
 - Name
 - Logo
 - None of the above
217. Once a brand has been well-established, _____ will be the company's best and most effective advertising technique.
- Social media marketing
 - Electronic media marketing
 - Print media marketing
 - Word of mouth

218. When an employee works for a strongly branded company and truly stands behind the brand, they will be more _____ with their job and have a _____ degree of pride in the work that they do.
- a. Happy, good
 - b. Satisfied, higher
 - c. Concerned, increased
 - d. None of the above
219. Working for a _____ that is reputable and held in high regard amongst the public makes working for that company more enjoyable and fulfilling.
- a. Position
 - b. Brand
 - c. Job
 - d. Profession
220. Being properly branded gives the impression of being industry experts and makes the public feel as though they can trust the company, the products and services it offers and the way it handles its business.
- a. True
 - b. False
221. Which of the following branding makes the company helpful in building trust with consumers, potential clients and customers?
- a. Well creative and well promoted.
 - b. Employee supportive and productive
 - c. Recognized and professionally designed
 - d. Professional appearance and well strategized
222. Branding gets recognition.
- a. True
 - b. False
223. Branding does not increase business value.
- a. True
 - b. False
224. Branding generates new customers.
- a. True
 - b. False
225. Branding does not improve employee pride and satisfaction.
- a. True

- b. False
226. Branding creates trust within market place.
- a. True
b. False
227. Branding does not support advertising.
- a. True
b. False
228. Use of _____ from trusted companies make easy to create a cohesive and appealing advertising strategy that plays well into the branding goals.
- a. ATM card
b. Branded product
c. Promotional product
d. None of the above
229. Use of promotional products from trusted companies for brand awareness is the activity of which of which of the following?
- a. Marketing strategy
b. Advertising techniques
c. Marketing Mix
d. Branding
230. Which of the following key elements of branding is all about placing an image of the product in the minds of customers?
- a. Brand placement
b. Brand positioning
c. Brand perception
d. None of the above
231. Brand attributes are developed through.
- a. Actions
b. Images
c. Advertising
d. All of the above
232. In key element of branding, brand elements are components, which creates the _____ of brands.
- a. Position
b. Image
c. Identity
d. Personality

233. Which of the following are brands elements?

- a. Name
- b. Slogan
- c. Color
- d. All of the above

234. Which of the following are brands elements?

- a. Characters
- b. Symbol
- c. Sound
- d. All of the above

235. Which of the following are brands elements?

- a. Jingle
- b. Shape
- c. Graphic
- d. All of the above

236. Which of the following are brands elements?

- a. Tastes
- b. Movements
- c. Both a and b
- d. None of the above

237. Which of the following are brands elements?

- a. Symbol of Honda (H)
- b. Dawlance Reliable Hai
- c. KFC + old man
- d. All of the above

238. The symbol of Suzuki (S) is the example of ____.

- a. Brand attribute
- b. Trademark
- c. Brand attribute
- d. Brand element

239. A brand owner may get ownership by registering ____ to protect the proprietary rights.

- a. Trade mark
- b. Company
- c. Business
- d. None of the above

240. The personality of brand includes all the characteristics of the brand that represent the business culture, its purpose, overall mission and vision and goals.
- True
 - False
241. _____ are the key characteristics and factors, which emphasizes that the company's product is better than other similar products available in the market.
- Brand attributes
 - Brand Elements
 - Unique selling propositions (USP)
 - None of the above
242. The brand image is basically customer's perception about a specific _____.
- Name
 - Brand
 - Product
 - None of the above
243. During _____ world industry geared up for accelerated wartime production. When the war was over this stimulated industrial machine turned to producing consumer products.
- WWI
 - WWII
 - WWIII
 - None of the above
244. When did industrial machine turn to consumer goods?
- By the end of WWI
 - By the end of WWII
 - By the end of WWIII
 - None of the above
245. When were modern selling concepts originated?
- By the mid of 50s
 - By the mid of 40s
 - By the mid of 30s
 - By the mid of 60s
246. Numerous sales techniques such as closing, probing, and qualifying were all developed during 1950s and the sales department had an exalted position in a company's organizational structure.
- True
 - False

247. The Selling Concept proposes that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so through selling effort.
- True
 - False
248. Organizations should undertake selling and promotion of their products for ____ success.
- Brand
 - Business
 - Marketing
 - None of the above
249. The consumers typically are inert and they need to be motivated for buying by converting their inactive need in to a buying motive through persuasion and ____ action.
- Promotional
 - Marketing
 - Selling
 - Buying
250. Selling concept is particularly useful in cases of ____ goods.
- Convenience goods
 - Unsought goods
 - Industrial goods
 - All of the above
251. Which of the following are the examples of unsought goods?
- Electricity
 - Milk
 - Sugar
 - Life insurance
252. The selling concept is also applied where businesses need to sell due to ____ of goods.
- Under-production
 - Fixed-production
 - Over-production
 - None of the above
253. Selling refers to the short term need to ____ sale, get an agreement signed, or ultimately do what needs to be done to sell a product.
- Start

- b. Close
- c. Increase
- d. None of the above

254. Which of the following techniques and strategies are really based on what it takes to 'close the deal', which is crucial to any business?

- a. Marketing
- b. Sales
- c. Production
- d. Buying

255. Marketing and sales are both aimed at increasing revenue. They are so closely intertwined that people often don't realize the difference between the two.

- a. True
- b. False

256. In small organizations, both marketing and sales tasks are performed by the _____ people.

- a. Same
- b. Different
- c. Quick
- d. None of the above

257. With respect to horizon, selling is _____, whereas marketing is _____.

- a. Short term, Short term
- b. Long term, Long term
- c. Short term, Longer term
- d. All of the above

258. With respect to strategy, selling follows _____ strategy, whereas marketing follows _____ strategy

- a. pull, flat
- b. push, pull
- c. pull, push
- d. pull, pull

259. Marketing follows pull strategy as the ultimate purpose of marketing is to generate interest and convince the customer to buy the product.

- a. True
- b. False

260. Which of the following follows push strategy because once a product has been created, the customer needs to be persuaded to purchase the product to fulfill customer need?
- a. Marketing
 - b. Brand building
 - c. Selling
 - d. None of the above
261. Selling is the ultimate result of ____.
- a. Buying
 - b. Marketing
 - c. Advertising
 - d. Brand building
262. The typical goal of marketing is ____.
- a. To compete with the rival products and to outperform the competing products
 - b. To maintain the revenue of the organization by offering the product at least price
 - c. To generate interest in the product and create leads or prospects
 - d. All of the above
263. Which one of the following is not the activity of marketing?
- a. Pricing products and services to maximize long-term revenue
 - b. Designing innovative products to meet existing or latent needs
 - c. Consumer research to identify the needs of the customers
 - d. None of the above
264. Which of the following focuses on converting prospects to actual paying customers?
- a. Selling
 - b. Marketing
 - c. Brand building
 - d. Advertising
265. The functions of both marketing and selling rely ____ on each other to achieve sales and marketing effectiveness in an organization.
- a. Heavily
 - b. Moderately
 - c. Narrowly
 - d. Lightly
266. Sales involve ____ with prospects to persuade them to purchase the product.
- a. Regularly interacting
 - b. Directly interacting

- c. Indirectly interacting
- d. None of the above

267. _____ tends to focus on the general population (or, in any case, a large set of people) whereas _____ tends to focus on individuals or a small group of prospects.

- a. Selling, brand building
- b. Selling, buying
- c. Marketing, branding
- d. Marketing, selling

268. The aims and functions of the marketing department is to _____ products and services based on thorough marketing research into customer demands.

- a. Support
- b. Promote
- c. Increase
- d. Create

269. The sales function is to _____ the marketing department and it ensures that customers are provided with a quality product in a timely manner.

- a. Inform
- b. Promote
- c. Support
- d. Engage

270. Which of the following shows how to reach to the customers and build long lasting relationship?

- a. Selling
- b. Marketing
- c. Promotion
- d. Marketing Mix

271. Marketing targets the construction of _____ so that it becomes easily associated with need fulfillment.

- a. Selling
- b. Advertising
- c. Brand identity
- d. Profit

272. Which of the following is correct with respect to sales?

- a. It is the strategy of meeting needs in an opportunistic, individual method, driven by human interaction
- b. There's no premise of brand identity, longevity or continuity
- c. It's simply the ability to meet a need at the right time
- d. All of the above

273. The process of marketing involves analysis of market, distribution channels, competitive products and services; pricing strategies; sales tracking and market share analysis; and budget.

- a. True
- b. False

274. Selling fulfills _____.

- a. Marketing objectives
- b. Sales volume objectives
- c. Advertising objectives
- d. All of the above

ANSWER KEY TO CHAPTER 7

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	b	41	b	81	d	121	c
2	d	42	b	82	c	122	d
3	a	43	d	83	b	123	c
4	c	44	b	84	b	124	a
5	b	45	b	85	b	125	a
6	b	46	c	86	a	126	b
7	a	47	b	87	b	127	b
8	c	48	c	88	c	128	c
9	c	49	c	89	c	129	b
10	c	50	c	90	d	130	b
11	c	51	b	91	b	131	c
12	d	52	c	92	d	132	d
13	a	53	c	93	c	133	d
14	d	54	b	94	b	134	c
15	d	55	b	95	a	135	b
16	b	56	b	96	a	136	a
17	c	57	b	97	b	137	c
18	c	58	c	98	d	138	b
19	b	59	b	99	c	139	d
20	d	60	b	100	c	140	d
21	a	61	b	101	a	141	c
22	b	62	a	102	b	142	a
23	c	63	a	103	d	143	c
24	b	64	c	104	a	144	b
25	c	65	a	105	a	145	b
26	b	66	d	106	b	146	d
27	b	67	c	107	a	147	c
28	a	68	a	108	c	148	d
29	d	69	c	109	c	149	c
30	a	70	b	110	b	150	d
31	c	71	d	111	b	151	d
32	b	72	a	112	a	152	d
33	a	73	b	113	a	153	a
34	c	74	c	114	c	154	b
35	c	75	b	115	b	155	a
36	a	76	a	116	a	156	a
37	a	77	d	117	b	157	c
38	a	78	b	118	a	158	a
39	c	79	d	119	a	159	b
40	b	80	a	120	b	160	c

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
161	c	190	d	219	b	248	c
162	b	191	b	220	a	249	c
163	d	192	b	221	d	250	b
164	c	193	a	222	a	251	d
165	d	194	d	223	b	252	c
166	a	195	b	224	a	253	b
167	b	196	b	225	b	254	b
168	b	197	c	226	a	255	a
169	b	198	c	227	b	256	a
170	c	199	a	228	c	257	c
171	a	200	a	229	b	258	b
172	b	201	b	230	b	259	a
173	a	202	c	231	d	260	c
174	c	203	b	232	c	261	b
175	a	204	c	233	d	262	c
176	b	205	a	234	d	263	d
177	c	206	b	235	d	264	a
178	a	207	b	236	c	265	a
179	b	208	c	237	d	266	b
180	c	209	b	238	d	267	d
181	b	210	a	239	a	268	b
182	c	211	b	240	a	269	c
183	a	212	c	241	c	270	b
184	b	213	c	242	b	271	c
185	c	214	c	243	b	272	d
186	b	215	c	244	b	273	a
187	c	216	b	245	a	274	b
188	d	217	d	246	a		
189	b	218	b	247	a		

CHAPTER 8

HUMAN RESOURCE STRATEGIES

1. In addition to a company's ability to attract and hire the best employees, successful human resource management is based on which of the following?
 - a. Equip them with the knowledge and skills they need to excel
 - b. Compensate them fairly
 - c. Motivate them to reach their full potential and perform at high levels
 - d. All of the above
2. Human resource management is a _____ in an organization to achieve its strategic goals and objectives, through creating a strategy for meeting current and future human resource needs.
 - a. Key structure
 - b. Key function
 - c. Key Policy
 - d. None of the above
3. Human resources (labour) is one of the _____ traditional factors of production.
 - a. Two
 - b. Three
 - c. Four
 - d. Five
4. Human resources refers to the _____ of people working with their minds and bodies.
 - a. Activities
 - b. Abilities
 - c. Economic contributions
 - d. None of the above
5. The success of the business entity depends on the _____ and _____ of its human resources.
 - a. health, mind
 - b. skills, experience
 - c. perception, status
 - d. understanding, conduct
6. A critical success factor for an entity might be to have at its disposal sufficient _____.
 - a. Finance with limited human resources
 - b. Human resources with the necessary skills

- c. Human resources of any kind
- d. Raw material and products

7. The success of a business entity depends on the skills and experience of its human resources. Therefore, without the _____ skills it might be impossible to develop a business successfully.

- a. Limited
- b. Key
- c. Unlimited
- d. Artificial

8. The success of a business entity depends on the skills and experience of its human resources. Therefore, today's competitive business environment is based upon _____ and _____.

- a. efficiency, effectiveness
- b. knowledge, learning
- c. knowledge, finance
- d. governance, law

9. The companies that succeed will be those that learn fast, use _____ effectively, and develop new insights.

- a. Employees
- b. Finance
- c. Knowledge
- d. Laws and rules

10. Human resources are mainly employees. Which of the following is considered as human resources?

- a. Full time workers
- b. Part time workers
- c. Work-from-home workers
- d. All of the above

11. Human resources are mainly employees, however human resources might also be who provide consultancy services or expert services, but are not employed by the _____.

- a. Doctors, sponsors
- b. Individuals, entity
- c. Teachers, general public
- d. Lawyers, government

12. Which of the following might also be provided by sub- contractors and other organisations to whom/which work is outsourced?

- a. Teachers
- b. Human resources

- c. BOD
 - d. Government officers
13. Which of the following is the key objective of human resource strategy?
- a. To ensure that the sufficient finance is available at the required time
 - b. To ensure that the human resources are available at the required time
 - c. To ensure that the employees are given high pay
 - d. All of the above
14. Which of the following is the function of human resource management?
- a. Assess the quantity and quality of human resources currently available, including strength and skills
 - b. Estimate the quantity and quality of human resources that will be needed in the future, including numbers and skills
 - c. Consider ways of 'filling the gap' and ensuring that the entity has the human resources that it needs
 - d. All of the above
15. It is necessary to consider reducing the numbers of employees whose skills are declining in importance, through programs of:
- a. Redundancy
 - b. Re-training
 - c. Re-location
 - d. All of the above
16. A human resource plan consists of a _____ of human resources that will be required at a given time in the future; and plans for ensuring that the required numbers and skills will be available.
- a. Plan
 - b. Forecast
 - c. Strength
 - d. Training
17. A human resource plan typically look forward about _____ years.
- a. Two to three
 - b. Three to five
 - c. Five to seven
 - d. None of the above
18. Which of the following area a human resource plan of business enterprise would not cover?
- a. Recruitment of new staff
 - b. Training and development to improve skills
 - c. Motivation strategy

d. None of the above

19. Which of the following area/activity is included in the human resource plan?

- a. Redundancies, where some employees will be surplus to requirements
- b. Re-training
- c. Human resource requirements-skills and strength
- d. All of the above

20. The areas of job analysis and design, performance appraisal, to monitor and control the development of skills, promotion and rewards are covered in which of the following plan?

- a. Financial management plan
- b. Human resource plan
- c. Management plan
- d. Accounts and Audit plan

21. The human resource planning should be _____.

- a. General
- b. Pessimistic
- c. Realistic
- d. Optimistic

22. Which of the following environmental factor is not taken into consideration in Human resource plan?

- a. Trends in sub-contracting and outsourcing
- b. Competition for high skill human resources from competitors and other businesses such as programmers
- c. Changing patterns of employment, possibly with increasing numbers of part-time workers or home workers
- d. None of the above

23. Which one of the following is the environmental factor that is taken into consideration in human resource planning?

- a. The availability of individuals who are trained in a particular skill or vocation
- b. Government policy, such as changes in the retirement age of workers
- c. Educational system, and the numbers of students going from elementary school to college and university education
- d. All of the above

24. Which of the following is environmental factor that is taken into consideration in human resource planning?

- a. Changing government laws and regulations

- b. Trends in IT and other technological changes that might affect labour requirements
 - c. All of the above
 - d. None of the above
25. Population trends, and the total size of the work force in each country where the entity has its operations is the _____ factor considered in human resource planning.
- a. Social factor
 - b. Demographic factor
 - c. Environmental factor
 - d. Economic factor
26. Which of the following involves the observation and study of pertinent information about a job – the specific tasks that comprise it; the knowledge, skills, and abilities necessary to perform it; and the environment in which it will be performed?
- a. Job analysis
 - b. Job planning
 - c. Job recruitment
 - d. Job performance
27. Which of the following use the information obtained through a job analysis to develop job descriptions and job specifications?
- a. Computers
 - b. Job holders
 - c. Managers
 - d. None of the above
28. Job analysis is performed as part of _____.
- a. Job specification
 - b. Financial management
 - c. Human resource management
 - d. None of the above
29. Which of the following is included in job analysis?
- a. Writing job descriptions
 - b. Holding performance appraisal
 - c. Selecting and promoting staff
 - d. All of the above
30. Which of the following includes performing a training needs assessment?
- a. Job description
 - b. Job specification
 - c. Job analysis
 - d. None of the above

31. Job analysis is performed
- As part of human resource management
 - As the basis for compensation and organizational planning
 - All of the above
 - None of the above
32. Which one of the following is the purpose of job analysis?
- Produce a specification of the qualities needed from the individual who will do the job (a 'person specification')
 - Produce a detailed specification of job (job description)
 - All of the above
 - None of the above
33. A job description (JD) is _____.
- Formal written explanation of a specific job
 - Job purpose and scope
 - The formal duties and responsibilities of the jobholder
 - All of the above
34. In addition to job title which of the following is included in job description?
- Tasks to be performed
 - Relationship with other jobs
 - Reporting lines
 - All of the above
35. Which of the following is not included in job description?
- Physical and mental skills required
 - Duties and responsibilities
 - Working conditions
 - None of the above
36. Which of the following includes details of job position (e.g., AVP, VP) within the company's organizational hierarchy and range of annual remuneration?
- Job analysis
 - Job description
 - Job specification
 - All of the above
37. A job specification describes the qualification and skills necessary for a specific job, in terms of _____.
- Education experience
 - Personal characteristics
 - Physical characteristics

- d. All of the above
38. Which of the following are used to develop recruiting materials (e.g vacancy advertisement)?
- a. Job specification
 - b. Job description
 - c. All of the above
 - d. None of the above
39. Which of the following is the example of recruiting material?
- a. Newspapers
 - b. Trade publications
 - c. Online advertisements
 - d. All of the above
40. Job description and job specification are used in _____ to identify the most suitable applicant for a job vacancy.
- a. Training process
 - b. Promotion process
 - c. Selection process
 - d. None of the above
41. Once the human resource managers have developed HR plan, they begin _____.
- a. Recruitment process
 - b. Selection process
 - c. All of the above
 - d. None of the above
42. Which of the following includes an estimated demand for new staffing needs, their job duties and responsibilities and the qualifications?
- a. Recruitment process
 - b. Selection process
 - c. HR plan
 - d. Job analysis
43. What is necessary to begin the recruitment and selection process?
- a. Publishment of advertisement
 - b. HR plan
 - c. Management of human resource
 - d. None of the above
44. Which of the following is the first step of recruitment?
- a. Identify the skills needed for the job

- b. Obtain applicants for the job vacancy
- c. Agree the vacancy to be filled
- d. None of the above

45. Which of the following is the second step of recruitment?

- a. Obtain the applicants for the job vacancy
- b. Agree the vacancy to be filled
- c. Identify the skills needed for the job
- d. None of the above

46. Which of the following is the third stage of recruitment process?

- a. Obtain applicants for the job vacancy
- b. Select candidate for interview
- c. Identify the skills needed for the job
- d. None of the above

47. Which of the following is the fourth stage (stage 1 of selection process)?

- a. Obtain applicants for job vacancy
- b. Identify the skills needed for the job
- c. Select candidates for interviews
- d. None of the above

48. Which of the following is the fifth stage (stage 2 of selection process)?

- a. Select candidates for interviews
- b. Select candidates for training
- c. Offer the job to the selected candidate
- d. None of the above

49. Which of the following, who work for an organization, are extremely valuable assets for the organization?

- a. Employers
- b. Public
- c. People
- d. Regulators

50. An organization would not exist and could not operate without _____.

- a. Rules and regulation
- b. Human resources
- c. Registration
- d. Premise

51. The efficiency and effectiveness of an organization depend on the ____ and ____ of its employees.
- health, finance
 - plans, strategies
 - skills, abilities
 - None of the above
52. Which of the following change may occur in the work force over the time?
- Some existing employees leave the organization
 - Employees who have acquired enough skills and experience might be moved on to other jobs within the organization that make better use of their developing talent
 - The labour requirements of the organisation will change, as new skills requirements are created and old are no longer required
 - All of the above
53. Which of following might be the result, if the labour requirements of the organization will change, as new skills requirement is created and old skills are no longer required?
- People are recruited to fill the new jobs, with new skills
 - Some existing employees might be made redundant
 - All of the above
 - None of the above
54. Changes in work force must be ____, in order to make sure that the work force remains efficient and effective.
- Downplayed
 - Ignored
 - Properly managed
 - None of the above
55. Changes in workforce must be properly managed to make sure that:
- Job vacancies are filled when they occur
 - Suitable individuals are appointed to do the jobs
 - All of the above
 - None of the above
56. Which of the following statement is true with respect to recruitment?
- It starts when a job vacancy is identified
 - It is the process of obtaining a supply of suitable possible candidates to fill the vacancy
 - All of the above
 - None of the above

57. Which of the following must be brought to the attention of individuals who might want to apply for them?
- Promotions
 - Training
 - Jobs
 - Rewards
58. A job vacancy might be advertised;
- Within the organization (internally) to existing employees;
 - Externally, to people outside the organization;
 - Both a and b
 - None of the above
59. Internal recruiting seeks to fill open positions with which of the following?
- With persons working in other companies
 - With persons already working in the company
 - With persons who have applied for the job
 - None of the above
60. The cost of hiring current employees to fill job openings is _____ when compared with the cost of hiring and training new employees from external sources.
- Low
 - Inexpensive
 - Same
 - None of the above
61. Internal recruitment is good for employee morale. It can be beneficial because _____ have already proven themselves.
- New employees
 - Existing employees
 - External employees
 - Trained employees
62. Internal recruitment can be beneficial because _____.
- Existing employees personalities are known
 - Existing employees potential capabilities and limitations have been thoroughly assessed
 - All of the above
 - None of the above
63. Internal recruiting seeks to fill positions with persons already working in the company. However, hiring from within creates another job vacancy to be filled.
- True

- b. False
64. Internal recruitment can be greatly facilitated by using _____ that contains an employee database.
- a. Database Management system
 - b. Management Information system
 - c. Human resource information system
 - d. None of the above
65. The employee database of human resource information system contains which of the following information?
- a. Each employee's previous work experience and skills.
 - b. Education, certifications, job and career preferences.
 - c. Performance, and attendance
 - d. All of the above
66. To fill the positions by the method of internal recruitment _____ and _____ are the most common avenues.
- a. skills, technology
 - b. incentives, perks
 - c. promotions, job transfers
 - d. None of the above
67. Performance reports and appraisals of individuals is one of the method to fill the vacancy by internal recruitment.
- a. True
 - b. False
68. Which of the following method may be used individually or together with another method to fill the vacancy through internal recruitment?
- a. List of potential employees who are ready for promotion may be invited to apply for a more senior job when a vacancy arises
 - b. The 'in-house' or company magazine
 - c. The organization's website or HR portal
 - d. All of the above
69. _____ is an effort to fill positions with applicants from outside the firm.
- a. Internal recruitment
 - b. External recruitment
 - c. Selection
 - d. None of the above

70. Some firms may seek to recruit more qualified candidates than current employees when using _____, especially for some specialized job positions.
- Internal recruiting
 - External recruiting
 - Internal selection
 - External selection
71. In certain situations, due to which of the following reason an external candidate is preferred in recruitment?
- To avoid internal competition
 - To compete with rival organizations
 - To promote the external candidates
 - To make the employees redundant
72. Which of the following is not the avenue a company may choose to source external applicants for open positions?
- Internet resources and social media
 - Job fairs
 - The organization's website
 - None of the above
73. In addition to recruitment agencies which of the following is the medium to source external applicants for open positions?
- Media advertising
 - Open-house
 - Internship programs
 - All of the above
74. Open house (also called open days) is one of the medium used to source external recruitment commonly used in universities to attract fresh graduates.
- True
 - False
75. Which of the following is the process of collecting information about applicants and using that information to decide which ones to hire?
- Internal selection
 - External selection
 - Selection
 - Recruitment

76. Selection includes the application itself, as well as interviewing, testing, and reference checking and other tools organizations may use to filter out the most suitable applicants from _____.
a. Human resource information system
b. Application pool
c. Recruitment pool
d. Database
77. Which of the following is the process of appointing the most suitable candidate to a job vacancy, by choosing the best individual from the candidates available?
a. Recruitment
b. Human resource planning
c. Selection
d. None of the above
78. Recruitment is concerned with _____, getting candidates to apply for job vacancies.
a. Quality
b. Quantity
c. Skills and experience
d. Development
79. Which of the following statement is correct with respect to selection?
a. Selection is concerned with quality
b. Selection is concerned with choosing the individual who seems the best for the job
c. All of the above
d. None of the above
80. Which of the following is the first step of selection process?
a. Employment tests
b. Physical exam and medical exams
c. Initial screening
d. None of the above
81. Which one of the following is the step/ hurdle of selection process?
a. Initial screening
b. Employment tests
c. Selection interview
d. All of the above
82. During initial screening, an applicant completes an application form and/or submits a resume, and has a brief interview of 30 minutes or less.
a. True

- b. False
83. The job application includes ____.
- a. Educational background
 - b. Previous work experience
 - c. Job duties performed
 - d. All of the above
84. Which of the following key discussion point is also included in job application to avoid wasting time and effort?
- a. Other skills and interests
 - b. Remuneration expectations
 - c. Job hours and working conditions
 - d. All of the above
85. Which of the following is the second step of selection process?
- a. Brief interview
 - b. Testing
 - c. Background and reference check
 - d. None of the above
86. In employment tests of selection which of the following tests is used to determine whether an applicant has the skills necessary for the job?
- a. Medical test
 - b. Ability and performance
 - c. Visual test
 - d. All of the above
87. Which of the following tests may be used to assess an applicant's potential for a certain kind of work and his or her ability to fit into the organization's culture?
- a. Aptitude
 - b. IQ test
 - c. Technical or personality tests
 - d. All of the above
88. Whether used individually or together, the employment tests can assess which of the following?
- a. Cognitive ability
 - b. Motivation potential
 - c. Knowledge and skills
 - d. All of the above

89. While selection, the tool most widely used in making hiring decisions is _____ an in depth exam regarding an applicant's work experience, skills and abilities, education, and career interests.
- a. Physical exam
 - b. Employment tests
 - c. Selection interview
 - d. None of the above
90. For managerial and professional positions, an applicant may be interviewed by _____, including the line manager for the position to be filled.
- a. External persons
 - b. Several persons
 - c. Limited persons
 - d. Chief executives
91. The selection interview is designed to determine _____.
- a. Person's health and fitness
 - b. Person's communication skills and motivation
 - c. Person's financial status
 - d. All of the above
92. During the selection interview, the applicant may be presented with _____, and asked to describe how he or she would handle the problem.
- a. Non-realistic situations
 - b. Realistic situations
 - c. Critical situations
 - d. All of the above
93. If applicants pass the _____, most firms examine their background and check their references.
- a. Initial screening
 - b. Selection interview
 - c. Employment tests
 - d. None of the above
94. In recent years, an increasing number of employers, want to research applicants' backgrounds, including their legal history, reasons for leaving previous jobs, their creditworthiness (credit check) or general conduct to assess job match.
- a. True
 - b. False

95. A firm may require an applicant to have a _____ to ensure he or she is physically able to perform job tasks.
- a. IQ test
 - b. Personality test
 - c. Medical test
 - d. Technical test
96. Some jobs such as Airline industry or law enforcement may put more emphasis on _____ to ensure he or she is physically able to perform job tasks.
- a. Academic qualifications
 - b. Religiosity
 - c. Physical fitness and mental agility
 - d. None of the above
97. Companies may ask candidates to submit medical tests (including drug test for certain jobs) to minimize _____ insurance risks and related _____ issues.
- a. health, financial
 - b. medical, productivity
 - c. life, financial
 - d. medical, critical
98. Once the screening is completed, the top candidate is selected from the list and offered a job.
- a. True
 - b. False
99. In selection process after the top candidates are selected from the list, the remaining qualified applicants can be considered on which of the following condition?
- a. If the top candidates disqualified for the job offer
 - b. If the reaming candidates agrees to do the same job at low pay
 - c. If the top candidate does not accept the job offer
 - d. If the remaining candidates have strong references
100. If an applicant progresses satisfactorily through all the selection steps, a decision to _____ the person is made.
- a. Assess
 - b. Hire
 - c. Train
 - d. Test

101. The applicant who progresses satisfactorily all the selection step, the decision to hire that person for the job is made, however the decision of job offer may be contingent on passing a physical exam and/or general medical tests. Is it true?
- a. Yes
 - b. No
102. In the final decision to hire the candidate the ____ of the new employee plays a major role.
- a. Skills and education
 - b. Manager
 - c. Medical and physical test
 - d. The project team
103. By the time the steps for screening applicants are completed, the application list ____.
- a. Should have been enlarged to large number of qualified candidates
 - b. Should have been cleared by disqualifying the remaining applicants
 - c. Should have been reduced to a small number of qualified candidates
 - d. None of the above
104. Some firms take their ____ very seriously because they recognize that their future performance is highly dependent on the employees that they select.
- a. Marketing process
 - b. Hiring process
 - c. Production process
 - d. Research process
105. The selection process ends with ____.
- a. An interview in which remuneration and employee career growth is discussed.
 - b. An offer of employment and acceptance of the offer by the chosen candidate
 - c. The signing of the written long term employment contract.
 - d. A handshake
106. The employer may not be sure whether or not the individual who is offered the job will accept it. It is therefore prudent to identify a ____ of acceptable applicants, listed in order of reference.
- a. Final list
 - b. Long list
 - c. Short list
 - d. None of the above

107. If the candidate at the top of the list _____ the job offer, the next person on the list can be made an offer, and so on until someone in the list _____ the offer of the job.
- accepts, refuses
 - suspends, accepts
 - refuses, accepts
 - None of the above
108. When the job has been accepted, the arrangement should be confirmed and accepted in _____.
- Verbal
 - Writing
 - Verbal and writing
 - None of the above
109. Which of following might require that a new employee should be given a formal written contract of employment?
- Tax Law
 - Human Resource Policy
 - Corporate governance
 - Employment legislation
110. Which of the following improve the quality of employees within the organization?
- Recruitment decisions
 - Selection interviews
 - Good selection decisions
 - All of the above
111. Good selection is important because organization which has high-quality employees, performs better and will become a competitive advantage for it.
- True
 - False
112. Due to which of the following reason a good selection is an important factor?
- Improving the human capital of the organization (employee quality)
 - Helping the business to be more successful in achieving its objectives
 - All of the above
 - None of the above
113. Once the most qualified applicants have been selected, have been offered positions, and have accepted their offers, they must be formally _____ to the organization and _____ so they can begin to be productive members of the workforce.
- familiarized, promoted
 - introduced, trained

- c. adjusted, developed
 - d. None of the above
114. To ensure that both new and experienced employees have the knowledge and skills to perform their jobs successfully, organizations invest in which of the following?
- a. Marketing and financing activities
 - b. Technology and development programs
 - c. Training and development activities
 - d. Operating and production activities
115. Training and development involves _____ in which the employee acquires additional knowledge or skills to increase job performance.
- a. Physical growth
 - b. Learning situations
 - c. Planning activities
 - d. Management programs
116. Which of the following is specified by training objectives in addition to other positive organizational results?
- a. Performance improvements
 - b. Reductions in errors
 - c. Job knowledge to be gained
 - d. All of the above
117. Well-motivated individuals learn from _____ their work, and get better at what they do over time.
- a. Ending
 - b. Evaluating
 - c. Undertaking
 - d. Outsoaring
118. Which of the following is a process in which individuals are taught something specific. Its program should have a particular objective, to teach the individual some theoretical or practical knowledge, or to give the individual a new information or skills related to their work?
- a. Selection
 - b. Development
 - c. Training
 - d. None of the above
119. Which of the following is a process of learning through experience and doing work that augments an employee's skill set and prepares him/her for growth. Individuals learn as they develop by doing different things at work and gaining new experiences?
- a. Training

- b. Employment testing
- c. Development
- d. Selection

120. Development is achieved through _____ and therefore developing a career.

- a. Learning situations
- b. Gaining experience
- c. Training
- d. Performance evaluation

121. Individuals learn and develop through experience in different work situations and by having extra _____ or _____ to use their own initiative.

- a. training, education
- b. responsibilities, opportunities
- c. interaction, chances
- d. None of the above

122. Organizations benefit from _____ process, because it produces a better work force, and there should be programs of training and development for employees at different levels.

- a. Production
- b. Financial management
- c. Supply chain
- d. Training and development

123. Training and development have benefits for both the _____ and the _____.

- a. supplier, employee
- b. employee, customers
- c. BOD, employee
- d. employer, employee

124. Which of the following is the benefit of training and development for employer?

- a. Training and development creates a more talented and skilled work force
- b. Providing employees with training and planned development will improve their morale, and increase their commitment to the organization
- c. It becomes easier to retain talented staff
- d. All of the above

125. If employees are not given the training and development they want and expect, they may resign and go to work for a different employer. Is it true?

- a. Yes
- b. No

126. Training and development creates a more talented and skilled work force leading to:
- Higher productivity, therefore lower costs of output
 - Less wastage
 - Better performance by employees in their jobs therefore, higher standards of achievement
 - All of the above
127. _____ creates a more talented and skilled work force leading to less need for close supervision of subordinates by their managers.
- Testing and development
 - Marketing and development
 - Training and development
 - Research and development
128. Training and development creates a more talented and skilled work force leading to an ability to compete more effectively with business rivals.
- True
 - False
129. Which of the following is the benefit of training and development for employees?
- Learning through training and development improves the motivation of the individual and gives them a sense of being more valuable (and marketable)
 - Career development increases job satisfaction
 - Training and development, by raising the level of skills and abilities, improve the individual's prospects for promotion and higher pay
 - All of the above
130. Since an individual gains personal benefits, and at the same time there are benefits for the organization, training and development can help to create _____ between the personal objectives of individual employees and the corporate objectives of the organization.
- Variability
 - Differentiation
 - Compatibility
 - All of the above
131. Tools of training can be grouped into which of the following categories?
- Formal training
 - Computer-based training (CBT)
 - Training in the work place
 - Induction
 - All of the above

132. Formal training in a training room environment may be ____.
- In house
 - External
 - All of the above
 - None of the above
133. In which of the following all the trainees are from the same organization?
- External
 - In house
 - All of the above
 - None of the above
134. In Pakistan, it is common for in-house training courses to be delivered by ____.
- Professors
 - External expert
 - Colleagues
 - None of the above
135. In which of the following training, the training is provided by an external trainer or training firm, and the trainees come from different organizations?
- In house
 - External
 - Computer Based
 - None of the above
136. In which of the following training, trainees work at their own pace from a computer training package?
- External
 - Induction
 - CBT
 - None of the above
137. CBT is highly _____ and typically integrates information and learning-based components with short, frequent tests.
- Short
 - Resistant
 - Limited
 - Interactive
138. XYZ Co is a manufacturing company. It hires ABC firm to deliver training course to its worker. This is the example of ____.
- In house training
 - CBT training

- c. External training
 - d. None of the above
139. Which of the following is a method of development of individuals, as well as a method of training?
- a. Formal training
 - b. Training in the work place
 - c. Degree based training
 - d. Computer based Training
140. Workplace training is for Technical or practical skills.
- a. True
 - b. False
141. Which of the following training helps the individual to develop management and leadership skills?
- a. Formal training
 - b. Induction
 - c. External training
 - d. Workplace training
142. Which of the following may be provided by the organization's own trainers and experts?
- a. External training
 - b. In house training
 - c. Computer based training
 - d. None of the above
143. In addition to organizations own trainers, In-house training may be provided by an _____ hired to deliver the training program.
- a. Internal trainer or training committee
 - b. External trainer or training firm
 - c. Multinational training firm
 - d. None of the above
144. _____ may end in an examination, leading to a qualification or certificate.
- a. Training in the work place
 - b. Formal training
 - c. Computer based training
 - d. Professional training

145. When an employee learns the job in actual working site in real life situation, and not simulated environment, it is called _____, and also known as job instruction training.
- a. Computer- based training
 - b. On job training
 - c. Formal training
 - d. None of the above
146. In on-the-job training, the individual is placed on _____ and taught the skills necessary to perform that job.
- a. Alternate job
 - b. Regular job
 - c. Irregular job
 - d. None of the above
147. In on-the-job training, the trainee learns under the supervision and guidance of a qualified or instructor.
- a. Manager
 - b. Worker
 - c. Director
 - d. All of the above
148. On-the-job training has the advantage of giving under actual working conditions.
- a. Business knowledge and skills
 - b. Management and leadership skills
 - c. First-hand knowledge and experience
 - d. None of the above
149. On-the-job training is the most commonly used method.
- a. True
 - b. False
150. On-the-job training methods may include training through
- a. Participation in cross-dimensional assignments.
 - b. Participation in multi-discipline assignments.
 - c. Participation in a uni-functional assignment.
 - d. Participation in cross-functional team assignments
151. On-the-job training methods include which of the following?
- a. Job rotation
 - b. Coaching
 - c. Mentoring
 - d. All of the above

152. Which of the following is not the type of on- the-job training?
- a. Apprenticeships
 - b. Work shadowing
 - c. Job instruction manuals
 - d. None of the above
153. Which of the following is not the type of on-the-job training?
- a. Orientation
 - b. Coaching
 - c. Mentoring
 - d. None of the above
154. Which of the following is conducted in a location specifically designated for training?
- a. On-the-job training
 - b. Off-the-job training
 - c. External training
 - d. None of the above
155. Off-the-job training may be conducted near the workplace or away from work, at a _____.
- a. Special development center or a firm
 - b. Technical center or a firm
 - c. Special training center or a resort
 - d. None of the above
156. In off-the-job training, conducting the training away from the work place minimizes _____ and allows trainees to devote their full attention to the material being taught.
- a. Stress
 - b. Distractions
 - c. Ignorance
 - d. None of the above
157. In some trainings, which of the following is required that may not be available at workplace?
- a. Special trainers or experts
 - b. Special tools or facilities
 - c. Real work situation
 - d. None of the above
158. Some organizations also invest in their own training centers outside of the _____ to send their employees for certain courses.
- a. Factory
 - b. Work premises

- c. Conference room
- d. Domain

159. Which of the following is not the avenue of off-the-job training?

- a. Seminars
- b. Online courses
- c. Class room lectures and courses
- d. None of the above

160. Which of the following is the avenue of off-the-job training?

- a. Audio visual films and presentations
- b. Simulation centers
- c. Game theory sessions
- d. All of the above

161. Some avenues of off job training may include _____.

- a. Case study sessions
- b. Team-Building meets and activities
- c. Programmed Instruction
- d. All of the above

162. Which of the following improves the skills, knowledge and abilities of an individual through real work experience?

- a. Training
- b. Development
- c. Growth
- d. All of the above

163. Unlike on-the-job training, development is not so much concerned with teaching individuals how to do a particular task or job.

- a. True
- b. False

164. Which of the following is more concerned with giving the individual more experience and responsibilities, so that he or she is able to improve and become a more valuable resource (employee)?

- a. Training
- b. Development
- c. On the job training
- d. Formal training

165. Development programs are commonly associated with _____.

- a. Workers

- b. Managers
 - c. Board members
 - d. Interns
166. Managers benefit from development to become better managers, capable of moving on to more _____ positions.
- a. Relaxed
 - b. Interesting
 - c. Important
 - d. Senior
167. Tools of development can be grouped into which of the following category?
- a. Job rotation
 - b. Secondment
 - c. Deputizing
 - d. All of the above
168. Which of the following is not the category into which tools of development can be grouped?
- a. Delegation
 - b. Appraisals
 - c. All of the above
 - d. None of the above
169. In which of the following, an individual is moved from one job to another at fairly regular intervals, so that the individual gains familiarity with the work done in each job?
- a. Secondment
 - b. Job rotation
 - c. Deputizing
 - d. Delegation
170. Job rotation gives the individual a _____ of range experience in the activities of the organization.
- a. Small
 - b. Broad
 - c. Narrow
 - d. Specific
171. Job rotation is useful when an individual is ready _____.
- a. To stay at same position
 - b. To be trained in one specific field
 - c. For promotion to a more senior position
 - d. None of the above

172. A is a junior manager at XYZ Company. It is the policy of the company that for the development of the junior manager, the company moves them in different departments, after every two years. This is an example of which of the following?
- Job development
 - Delegation
 - Recruitment
 - Job rotation
173. Which of the following are periods of time spent away from the normal working environment, in another department or as part of a project team?
- Job rotation
 - Deputizing
 - Appraisal
 - Secondment
174. An individual might be 'seconded' to work somewhere else for a period of time.
- True
 - False
175. A payroll manager is seconded to work for a particular time with the sales team on the sales project which is designed to implement the sales objectives. This is the example of which of the following?
- Delegation
 - Diversification
 - Job rotation
 - Secondment
176. Individuals benefit from secondments because they gain _____ from working with people from different parts of the organization, or with external consultants.
- More pay
 - Experience
 - Promotion
 - Training
177. An individual may be given the opportunity to for his or her boss when the boss is absent from work for an extended period, on holiday or due to illness.
- Deputies.
 - Delegate
 - Second
 - None of the above

178. A, head of finance at ABC Company, went on leave for 3 months. B, being the number two in finance department, was asked to supervise the department during this period. This is an example of which of the following?
- a. Job rotation
 - b. Secondment
 - c. Deputizing
 - d. Delegation
179. In which of the following the individual gains experience by doing the job of the boss for a period of time?
- a. Delegation
 - b. Deputizing
 - c. Secondment
 - d. Job rotation
180. A boss who wants to _____ individuals will give the individuals additional responsibilities, and delegate authority to the individuals to make their own decisions.
- a. Educate
 - b. Develop
 - c. Hire
 - d. Instruct
181. Individuals will gain experience from the additional authority and responsibility, and will be accountable to their boss for how they have carried out the additional responsibilities.
- a. True
 - b. False
182. Which of the following is a part of development process?
- a. Inquiries and investigations
 - b. Formal appraisals
 - c. Accountability
 - d. None of the above
183. Employees can be given opportunities for development through careful job design.
- a. True
 - b. False
184. Job design involves looking at the _____ in an organization or department, and considering whether they can be altered (designed) in a way that gives more fulfillment and greater experience to the job holder.
- a. Previous jobs
 - b. Current jobs

- c. Future jobs
- d. All of the above

185. There are types of job re-design?

- a. 5
- b. 4
- c. 3
- d. 2

186. Which of the following is a type of job re-design?

- a. Job enlargement
- b. Job enrichment
- c. All of the above
- d. None of the above

187. Job enrichment means making the job richer by building more _____ into it.

- a. Pay
- b. Rooms
- c. Responsibility
- d. Appraisals

188. When a job is _____, the job holder is given more authority (authority for a higher level of decision-making).

- a. Enlarged
- b. Enriched
- c. Expanded
- d. None of the above

189. Job enlargement means giving the job holder more tasks to do, but without any additional authority. Is it true?

- a. Yes
- b. False

190. In job enlargement all the additional tasks are at the _____ as the existing tasks in the job.

- a. Different level
- b. Separate level
- c. Same level
- d. None of the above

191. Once an organization has spent such a considerable time and investment in recruitment, selection and development of its employees, failing to _____ employees would prove very costly to business.
- Pay
 - Promote
 - Fire
 - Retain
192. Failing to retain employees in the organization may create organizational issues such as insecure coworkers, excess job duties that coworkers must absorb, time invested in recruiting, hiring, and training a new employee. Is it true?
- True
 - False
193. Which of the following is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project?
- Employee turnover
 - Employee retention
 - Employee promotion
 - None of the above
194. Which of the following occurs when employees quit or are fired and must be replaced by new employees?
- Employee retention
 - Employee selection
 - Employee turnover
 - Employee replacement
195. Turn over results in which of the following in addition to socialization expenses for new employees?
- Lost productivity from the vacancy
 - Costs to recruit replacement employees
 - Management time devoted to training and development
 - All of the above
196. Part of employee turnover is inevitable due to retirement, separation, promotions and in the worst case _____.
- Winding up
 - Death
 - Financial crises
 - None of the above

197. For operations of an organization to run smoothly, most organizations aim to optimize the _____ for their organization.
- Rate of return
 - Pace of promotion
 - Rate of turnover
 - None of the above
198. A well-organized human resources department strives to _____ losses due to separations and transfers because recruiting and training new employees is very expensive.
- Compensate
 - Maximize
 - Minimize
 - None of the above
199. A high turnover rate in a company may signal problems with which of the following?
- The selection and training process
 - The compensation program
 - The working environment of company
 - All of the above
200. Which of the following is the strategy the companies may try to reduce turnover?
- Giving employees more interesting job responsibilities (job enrichment)
 - Allowing for increased job flexibility
 - Providing more employee benefits
 - All of the above
201. To reduce _____, organizations can come up with various strategies to keep the employees satisfied and stay in the organization.
- Training expenses
 - Voluntary turnover
 - Recruitment and selection expenses
 - Cost of development programs
202. To reduce voluntary turnover, the employers must recognize key reasons why employees would want to _____.
- Stay
 - Retire
 - Leave
 - Deputize

203. Employees quit their job for many reasons. In addition to moving to another location, due to family reasons, which of the following is/are other reason(s)?
- Stay home to take care of their loved ones
 - Change careers
 - Find career growth or promotions
 - All of the above
204. Which of the following is among the reasons due to which employees quit their job?
- Go back for higher education
 - Seek higher salaries
 - All of the above
 - None of the above
205. The reasons due to which employees quit their job are not easy to address by an employer because they involve _____ in the employee's world outside of work.
- Professional development events
 - Life events
 - Business events
 - None of the above
206. The reasons due to which employees quit the job are not easy to address by the _____ but majority of reasons are under control of the employer.
- Government
 - Employer
 - Family
 - Regulators
207. Any element of current workplace, culture, and environment, the employee's perception of his job and opportunities are all factors that the employer can influence. Is it true?
- True
 - False
208. Which of the following is the reason that can affect an employee's decision to leave?
- Relationship with the supervisor and co-workers
 - Unchallenging work tasks
 - Financial reasons
 - All of the above
209. Which of the following is not the reason that can affect an employee's decision to leave?
- Family and personal reasons
 - Termination of a fixed contract

- c. Financial instability of a company
 - d. None of the above
210. The employee decision to leave the organization can be influenced by:
- a. Promotion of co-workers
 - b. Lack of flexible working hours
 - c. Supervisors financial issues
 - d. Beginning of fixed contract
211. While offering a good paycheck is important, companies need to go a little deeper to make sure their turnover rate is _____.
- a. Low
 - b. High
 - c. Fixed
 - d. None of the above
212. Which of the following ensures that employees establish a long-term association with the company beyond the paycheck?
- a. Progressive Marketing functions
 - b. Progressive Finance functions
 - c. Progressive Human Resource functions
 - d. All of the above
213. Which of the following strategy an HR function can employ to retain its valuable employees?
- a. A well-defined career path
 - b. Compensation
 - c. Work Relationships
 - d. All of the above
214. Employees, whether fresh or ones with experience, want to understand how the leadership of an organization can facilitate their growth.
- a. True
 - b. False
215. Employees want to see _____ examples of how their counterparts have grown in the firm so that they can be sure that leadership can facilitate their growth.
- a. Many
 - b. Good
 - c. Tangible
 - d. None of the above

216. For growth, the young workforce is keen on having early experiences of doing different things rather than being sandboxed into one job role.
- a. True
 - b. False
217. It is important for companies to chart out well-defined career paths that factor in a _____ that encourages their employees to stick to the organization.
- a. Uniformity of work
 - b. Homogeneity of work
 - c. Variety of work
 - d. Variety of people
218. Which of the following constitutes the largest part of the employee retention process?
- a. Work relationship
 - b. Compensation
 - c. Organizational environment
 - d. Transparent and fair views
219. The employees always have high expectations regarding their _____.
- a. Promotion package
 - b. Work relationship
 - c. Compensation packages
 - d. Utility packages
220. Compensation packages do not vary from industry to industry.
- a. True
 - b. False
221. An attractive compensation package plays a critical role in _____ the employees.
- a. Hiring
 - b. Training
 - c. Developing
 - d. Retaining
222. Which of the following is the biggest component of the compensation package?
- a. Bonus
 - b. Non-economic benefits
 - c. Salary and monthly wage
 - d. Gratuity
223. Which of the following is the most common factor of comparison among employees?
- a. Economic benefits

- b. Health insurance
c. Bonus
d. Salary and monthly wage
224. Salary and wages represent Level of skill and experience an individual has.
- a. True
b. False
225. Time to time increase in the salaries and wages of employees should be done. And this increase should be based on the employee's _____ to the organization.
- a. Financial status
b. Education background and personality
c. Performance and contribution
d. All of the above
226. Which of the following is usually given to the employees at the end of the year?
- a. Economic benefits
b. Long term incentives
c. Health insurance
d. Bonus
227. Which of the following includes paid holidays, leave travel concession, etc.?
- a. Economic benefit
b. Bonus
c. Long term incentives
d. None if the above
228. Which of the following includes stock options or stock grants?
- a. Economic benefit
b. Gratuity
c. Long term incentives
d. Bonus
229. Long term incentives help retain employees in the organization's _____ stage.
- a. End
b. Mid
c. Startup
d. None of the above
230. Which of the following saves employees' money as well as gives them a peace of mind that they have somebody to take care of them in bad times?
- a. Economic benefit
b. Health insurance

- c. Bonus
- d. Salary

231. Is it true that health insurance shows the employee that the organization cares about the employee and its family?
- a. True
 - b. False
232. Which of the following includes payments that an employee gets after he retires like gratuity, EPF (Employee Provident Fund), etc.?
- a. Salary
 - b. Bonus
 - c. Economic benefit
 - d. After retirement
233. Which of the following may include employee assistance programs (like psychological counseling, legal assistance, etc.), discounts on company products, use of a company car, etc.?
- a. After retirement
 - b. Economic benefit
 - c. Miscellaneous compensation
 - d. None of the above
234. Work relationships that affect employee retention include which of the following?
- a. Supervisory management support
 - b. Coworker relations
 - c. Both a and b
 - d. None of the above
235. A supervisor or manager builds positive relationships and aids retention by which of the following way?
- a. Being fair and nondiscriminatory
 - b. Allowing work flexibility and work-family balancing
 - c. Giving feedback that recognizes employee efforts and performance
 - d. All of the above
236. A supervisor or manager builds _____ by supporting career planning and development.
- a. Informal working environment
 - b. Unnecessary relationship and rigid environment
 - c. Positive relationship and aids retention
 - d. None of the above

237. Many individuals build close relationships with coworkers. Such work-related friendships do not appear on employee records, but these relationships can be an important signal that a workplace is _____.
a. Informal
b. Pessimistic
c. Positive
d. Under developed
238. Workplace is not just where people work, but also with whom they work, that affects employee retention. Is it true?
a. Yes
b. No
239. If individuals are not linked with or do not relate to their coworkers, there is greater likelihood for _____ to occur.
a. Risk of loss
b. Turnover
c. Risk of reputation
d. None of the above
240. Many individuals have seen a decline in job security during the past decade. All _____ have affected employee loyalty and retention.
a. Downsizings and layoffs
b. Mergers and acquisitions
c. Organizational restructurings
d. All of the above
241. As coworker's experience _____, the anxiety levels of the remaining employees rise.
a. Development and growth
b. Promotion and job security
c. Layoffs and job reductions
d. Recruitment and selection
242. When coworkers experience layoffs and reductions, the remaining employees _____.
a. Start striving to work hard
b. Start taking their jobs seriously and putting more efforts for the completion of the tasks
c. Start thinking about leaving before they too get cut
d. All of the above
243. Organizations in which job continuity and security are _____ tend to have _____ retention rates.
a. low, higher

- b. high, higher
 - c. higher, low
 - d. None of the above
244. Is it true some jobs are considered "good" and others are thought to be "bad" but not all people agree on which jobs are which?
- a. Yes
 - b. No
245. The design of jobs and peoples' preferences can _____ significantly.
- a. Be same
 - b. Vary
 - c. Be similar
 - d. None of the above
246. Job design factors that can impact retention include the following:
- a. A knowledge, skills, and abilities mismatch, either through over qualification or under qualification, can lead to turnover
 - b. Job accomplishments and workload demands that are dissatisfying or stressful may impact performance and lead to turnover
 - c. Both timing of work schedules and geographic locations may contribute to burnout of some individuals
 - d. All of the above
247. One of the factor of job design is that the ability of employees to balance work and life requirements affects their job performance and retention.
- a. True
 - b. False
248. Irrespective of their industry, it is important for working professionals to maintain a _____ balance.
- a. Health-life
 - b. Income-expense
 - c. Work-life
 - d. Personal-professional life
249. While high-paying jobs do demand longer hours of work, organizations should implement _____ and _____ respecting their core office culture.
- a. Limited working hours, work from home policies
 - b. Extra working hours, over time working policies
 - c. Flexible working hours, work from home policies
 - d. None of the above

250. Which of the following are ways to help employees maintain a healthy work-life balance?
- Occasional work from home
 - Flexible working arrangements
 - 'ME' time
 - All of the above
251. If an organization manages people well, employee retention will take care of itself.
- True
 - False
252. Organizations should focus on managing the work environment to make better use of the available _____.
- Finance
 - Human capital
 - Share capital
 - Raw material
253. People want to work for an organization which provides feeling that the organization is _____ to the employee.
- Second wife
 - Second home
 - Own home
 - Working home
254. People want to work for an organization which provides:
- Ample opportunities to grow
 - Friendly and cooperative environment
 - A feeling that the organization is second home to the employee
 - All of the above
255. In addition to culture and values organizational environment includes:
- Company reputation
 - Quality of people in the organization
 - Employee development and career growth
 - All of the above
256. Which of the following is not included in organizational environment?
- Risk taking
 - Use of leading technologies
 - Trust
 - None of the above

257. In business organizations typically, bosses are quick on giving feedback when issues crop up. However, appreciation is rare when things go smooth.

a. True

b. False

258. Which of the following is crucial to retain employees?

a. Appreciating employee's efforts

b. Recognizing and highlighting impactful outcomes

c. Giving timely feedback

d. All of the above

259. Which of the following is not important to retain employees?

a. Gaining feedback from employees

b. Engaging oneself in meaningful dialogues to improve areas that are creating obstacles

c. All of the above

d. None of the above

260. Enabling _____ and appraisals for employees helps them achieve more with a clear picture of being rewarded on the basis of merit.

a. Manipulated and complex reviews

b. Biased reviews and tough tests

c. Transparent and clear reviews

d. All of the above

261. Which of the following should celebrate key milestones in an employee's career in an organization?

a. Review process

b. Feedback process

c. Retirement process

d. All of the above

262. The review process focuses on _____ followed by a mutually agreed upon goal setting discussion.

a. Highlighting key achievements

b. Strengths and development areas

c. All of the above

d. None of the above

ANSWER KEY TO CHAPTER 8

S. No.	Answer	S. No.	Answer	S. No.	Answer	S. No.	Answer
1	d	41	c	81	d	121	b
2	b	42	c	82	a	122	d
3	c	43	b	83	d	123	d
4	c	44	c	84	b	124	d
5	b	45	c	85	b	125	a
6	b	46	a	86	b	126	d
7	b	47	b	87	d	127	c
8	b	48	c	88	d	128	a
9	c	49	c	89	c	129	d
10	d	50	b	90	b	130	c
11	b	51	c	91	b	131	e
12	b	52	d	92	b	132	c
13	b	53	c	93	b	133	b
14	d	54	c	94	a	134	c
15	d	55	c	95	c	135	b
16	b	56	c	96	c	136	c
17	b	57	c	97	b	137	d
18	d	58	c	98	a	138	c
19	d	59	b	99	c	139	b
20	b	60	b	100	b	140	a
21	c	61	b	101	a	141	d
22	d	62	c	102	b	142	b
23	d	63	a	103	c	143	b
24	b	64	c	104	b	144	b
25	c	65	d	105	b	145	b
26	a	66	c	106	c	146	b
27	c	67	a	107	c	147	b
28	c	68	d	108	b	148	c
29	d	69	b	109	d	149	a
30	c	70	b	110	c	150	d
31	c	71	a	111	a	151	d
32	c	72	d	112	c	152	d
33	d	73	d	113	b	153	d
34	d	74	a	114	c	154	b
35	d	75	c	115	b	155	c
36	b	76	c	116	d	156	b
37	d	77	c	117	c	157	b
38	c	78	b	118	c	158	b
39	d	79	c	119	c	159	d
40	c	80	c	120	b	160	d

S. No.	Answer	S. No.	Answer	S. No.	Answer	S. No.	Answer
161	d	187	c	213	d	239	b
162	b	188	b	214	a	240	d
163	a	189	a	215	c	241	c
164	b	190	c	216	a	242	c
165	b	191	d	217	c	243	b
166	d	192	a	218	b	244	a
167	d	193	b	219	c	245	b
168	d	194	c	220	b	246	d
169	b	195	d	221	d	247	a
170	b	196	b	222	c	248	c
171	c	197	c	223	d	249	c
172	d	198	c	224	a	250	d
173	d	199	d	225	c	251	a
174	a	200	d	226	d	252	b
175	d	201	b	227	a	253	b
176	b	202	c	228	c	254	d
177	a	203	d	229	c	255	d
178	c	204	c	230	b	256	d
179	b	205	b	231	a	257	a
180	b	206	b	232	d	258	d
181	a	207	a	233	c	259	d
182	b	208	d	234	c	260	c
183	a	209	d	235	d	261	a
184	b	210	b	236	c	262	c
185	d	211	a	237	c		
186	c	212	c	238	a		

CHAPTER 9

BUSINESS OPERATIONS OF A MANUFACTURING ORGANIZATION

1. Every organization, whether it produces goods or provides services, focuses on furnishing customers with _____ products.
 - a. Limited
 - b. Cheap
 - c. Quality
 - d. All of the above

2. Which of the following factor forces companies to take the overall manufacturing process seriously, integrate with other key functions such as sales and marketing, finance and accounting, procurement, human resources, legal, etc?
 - a. Technological advancements
 - b. Consumer expectations
 - c. Ongoing competition
 - d. All of the above

3. What is the key objective of a manufacturing company?
 - a. To produce goods and services according to the customer needs
 - b. To produce and deliver quality products at a competitive price in a timely manner
 - c. To retain the customer by producing the quality products at low price
 - d. To maximize the profit by delivering the high quality goods at low price

4. Which of the following forces manufacturers to innovate and improve the process?
 - a. Price
 - b. Competition
 - c. Technology
 - d. Consumer demand

5. The manufacturers innovate and improve the process by _____.
 - a. Superior automation
 - b. Enhanced quality-control techniques
 - c. Efficient supply-chain management
 - d. All of the above

6. To compete with other organizations a company must _____ resources (materials, labor, money, information) into goods or services as efficiently as possible.
 - a. Produce

- b. Convert
c. Buy
d. Procure
7. Managing the process of converting resources into goods or services is the role of _____ management.
- a. Marketing
b. Finance
c. Human Resource
d. Operation
8. In a manufacturing organization, operation managers are the people charged with managing and supervising the _____.
- a. Marketing process
b. Selling process
c. Conversion process
d. Development process
9. In a manufacturing organization, operations managers control significant part of a firm's _____ including inventories, wages, and benefits.
- a. Expenses
b. Liabilities
c. Assets
d. All of the above
10. Operations management work closely with major divisions of the firm, such as marketing, finance, accounting, and human resources to ensure that the firm produces its goods profitably and satisfies its customers.
- a. True
b. False
11. Which of the following helps operation managers decide which products to make?
- a. Finance personnel
b. HR personnel
c. Marketing personnel
d. Quality control personnel
12. Accounting and Human resources helps operations management face the challenge of combining people and resources to produce high-quality goods on time and at reasonable cost.
- a. True
b. False

13. Operations management is involved in the _____ of goods and determine what production processes will be most effective.
- Selling and promotion
 - Development and design
 - Marketing and management
 - Branding and grading
14. The upper level manager who directs and control the transformation process is called _____.
- Operation executive
 - Transformation manager
 - Control manager
 - Operations manager
15. Operations of manufacturing company consists of all the activities involved in _____ a product idea into a finished product, as well as those involved in planning and controlling the systems that produce finished goods.
- Revising
 - Transforming
 - Analyzing
 - Developing
16. Operations managers manage the process that transforms the inputs into the outputs.
- True
 - False
17. All _____ set out to perform the same basic function i.e. to transform resources into finished goods.
- Traders
 - Business
 - Manufacturers
 - Wholesalers
18. To perform the transformation function in today's business environment, manufacturers must continually strive to improve _____.
- Business goodwill
 - Networking
 - Operational efficiency
 - Hygiene
19. Operation Managers must adjust their production processes with which of the following objectives in mind?
- To focus on quality

- b. To minimize the costs of materials and labor
 - c. To eliminate all costs that add no value to the finished product
 - d. All of the above
20. Which of the following makes the decisions involved in the effort to attain the following goals: (a) Quality (b) minimizing costs of materials and labor and (c) eliminating all costs that add no value to the finished product?
- a. Liaison manager
 - b. Quality control manager
 - c. Operation manager
 - d. Operation director
21. Before production begins, a company must plan the sourcing of _____ and _____ that are required for making a finished product.
- a. finance, human resources
 - b. research, development
 - c. technology, tools
 - d. materials, inputs
22. During production planning which of the following is to be determined by the managers?
- a. How and when the goods will be produced
 - b. Where the production will take place
 - c. How the manufacturing facilities will be laid out
 - d. All of the above
23. Production planning includes _____.
- a. To determine site locations
 - b. To obtain necessary resources
 - c. Both a and b
 - d. None of the above
24. How many important decisions are made in production planning?
- a. 2
 - b. 3
 - c. 4
 - d. 5
25. Which of the following important decision is made in production planning?
- a. Type of production process
 - b. Site selection
 - c. Facility layout
 - d. All of the above

26. The decision of resource planning' is made in _____.
a. Production control
b. Production planning
c. Quality control
d. None of the above
27. Once the production process is under way, managers must continually _____ and _____ the individual activities that make up that process.
a. assign, designate
b. operate, manage
c. schedule, monitor
d. change, develop
28. Operations managers must be open to feedback and respond to make _____ where needed.
a. Mistakes
b. Adjustments
c. Renewals
d. Approvals
-
29. While controlling the production the operation manager performs which of the following activity?
a. Oversees purchasing of raw materials
b. Handles inventories
c. Ensures controlling costs
d. All of the above
30. How many key scheduling tools are there in production control?
a. 2
b. 3
c. 4
d. 5
-
31. Which of the following is the key scheduling tool of production control?
a. Gantt charts
b. Program evaluation and review technique
c. The critical path method
d. All of the above
32. What does PERT stand for?
a. Production Efficiency and Review Tool
b. Program evaluation and review technique
c. Production Evaluation and Recap Technique

d. Paper Efficient Resource Techniques

33. What does CPM stand for?

- a. Chemical Processing Management
- b. Cellular Positioning Management
- c. The critical Path Method
- d. Central Programming Method

34. The operations manager is directly involved in placing various _____ to ensure that goods are being produced according to specific criteria and that quality standards are adhered to.

- a. Standard
- b. Steps
- c. Controls
- d. None of the above

35. It takes more to ensure quality control, than just inspecting goods at the end of the assembly line. Is it true?

- a. Yes
- b. No

36. Which of the following requires a company-wide dedication to managing and working in a way that builds excellence into every facet of operations?

- a. Production control
- b. Continuous development
- c. Quality control
- d. Production planning

37. Which of the following is the key technique of quality control?

- a. TQM
- b. Six sigma
- c. All of the above
- d. None of the above

38. TQM stands for _____.

- a. Total Quality Management
- b. Total Quality Method
- c. Technique of Quotient Measurement
- d. None of the above

39. Which of the International Organization for Standardization (ISO) industry standard ensure existence of sound quality procedures?

- a. ISO 9000

- b. ISO 14000
 - c. All of the above
 - d. None of the above
40. For continuous development, finding more efficient methods of producing the products is not imperative to remain competitive in the marketplace.
- a. True
 - b. False
41. Which of the following is one of the most important part of operations management?
- a. Management structure
 - b. Human Resource management
 - c. Product management
 - d. Production planning
42. Production planning allows the business to consider competitive environment and its own strategic goals to find which of the following?
- a. Product price
 - b. Best product design
 - c. Best production methods
 - d. None of the above
-
43. Good production planning has to balance goals that may conflict, such as:
- a. Providing high-quality service while keeping operating costs low
 - b. Keeping profits high while maintaining adequate inventories of finished products
 - c. Both a and b
 - d. None of the above
44. Which of the following is the key decision point in the production planning?
- a. Planning phases
 - b. Types of production process
 - c. Timing
 - d. All of the above
-
45. Which of the following is not the key discussion point in production planning?
- a. Location
 - b. Layout
 - c. Process layout
 - d. None of the above

46. Resource planning and supply chain management, and Information System are the key discussion point in ____.
- a. Production control
 - b. Production planning
 - c. Quality control
 - d. None of the above
47. How many phases are there in production planning?
- a. 2
 - b. 3
 - c. 4
 - d. 5
48. Which of the following focuses on 'which goods to produce', 'how many to produce', and 'where they should be produced'?
- a. Short term planning
 - b. Medium term planning
 - c. Long term planning
 - d. Planning phases.
49. Long term planning has a time frame of ____.
- a. 4 to 5 years.
 - b. Maximum 5 years
 - c. 2 to 4 years
 - d. 3 to 5 years
50. Medium term planning decisions concern ____.
- a. The layout of factory or service facilities
 - b. Where and how to obtain the resources needed for production
 - c. Labor issues
 - d. All of the above
51. Medium term planning has a time frame of ____ years.
- a. 1
 - b. 2
 - c. 2.5
 - d. 3
52. Short term planning converts the goals of medium and long term planning into specific production plans and materials management strategies within which of the following time frame?
- a. Within 6 months
 - b. Within one years

- c. Within 2 years
- d. None of the above

53. Which of the following is discussed in production planning?

- a. How to control the production in case any of the activities involved in production is overlooked?
- b. What type of production process to be adopted?
- c. What production scheduling tool is to be adopted?
- d. When to evaluate the production process and analyze that whether the process is according to production planning

54. How many types of production process are there?

- a. 2
- b. 3
- c. 4
- d. 5

55. Which of the following is a type of production process?

- a. Customization
- b. Mass- customization
- c. Mass-Production
- d. All of the above

56. In mass-production manufacturing, which of the following the common theme?

- a. Different goods at once
- b. Variable goods at once
- c. Identical goods at once
- d. Complex goods at once

57. Ford automobile company introduced cars named Henry Ford's Model T. Each car was identical right down to its color and the vehicle had many features that were unique for its time. This was the first successful world car that could be sold around the world with minor modification to its basic platform and parts. This the example of which of the following?

- a. Mass-Customization
- b. Product-Customization
- c. Mass-Production
- d. Customization

58. Is it true that as products became more complicated to produce, mass production also became more complex, despite the fact that products are produced by using repetitive and standardized processes?

- a. True
- b. False

59. The emphasis in mass production is on keeping manufacturing costs low by producing uniform products using _____ and _____ processes.
- complicated, technical
 - modern, non-repetitive
 - repetitive, standardized
 - None of the above
60. In mass customization, by using which of the following techniques goods are produced but only up to a point?
- Product customization technique
 - Mass production technique
 - Mass customization technique
 - Customization technique
61. In mass customization after the goods are produced by using mass production techniques, the product is _____ to needs and desires of individual customers.
- Compared
 - Structured
 - Custom-tailored
 - None of the above
62. A Dallas-based furniture manufacturer produces couches and chairs to customer specifications within 30 days. The basic frames in the furniture are the same, but automated cutting machinery precuts the color and type of leather ordered by each customer. Using mass- production techniques, they are then added to each frame. Keeping in view the example chooses the one of the following type of production process used by the company.
- Mass production
 - Customization
 - Product customization
 - Mass customization
63. In customization, the firm produces goods one at a time according to the _____ of individual customers.
- Specific needs and wants
 - Nature
 - Consumption
 - None of the above
64. Unlike mass customization, each product or service produced is unique in customization.
- True
 - False

65. Mr. kamal runs a print shop handling a variety of projects, including newsletters, brochures, stationery, and reports. Each print job varies in quantity, type of printing process, binding, color of ink, and type of paper. Considering the example choose the right production process Mr. Kamal used to run print shop.
- Product customization
 - Customization
 - Product customization
 - None of the above
66. A manufacturing firm that produces goods in response to customer order is called _____.
- Job order
 - Customization shop
 - Job shop
 - Designed shop
67. Manufacturing process can be divided into which of the following types?
- Process manufacturing
 - Assembly manufacturing
 - All of the above
 - None of the above
68. In which of the following manufacturing process, inputs are converted into one or more outputs?
- Job manufacturing
 - Assembly manufacturing
 - Class manufacturing
 - Process manufacturing
69. In assembly manufacturing the basic inputs, are either _____ to create the output or transformed into the output.
- Separated
 - Divided
 - Combined
 - None of the above
70. The production timing can be grouped into which of the following process?
- Intermittent process
 - Continuous process
 - All of the above
 - None of the above

71. Continuous process uses _____ production runs that may last days or weeks or months without equipment shutdowns.
- Short
 - Long
 - Non-repetitive
 - Medium
72. Continuous process is best for _____ volume, _____ variety products with standardized parts.
- high, low
 - high, high
 - low, low
 - low, high
73. In which of the following process, short production runs are used to make batches of different products?
- Interval process
 - Continual process
 - Broken process
 - Intermittent process
74. In an intermittent process, Machines are shut down to change them to make _____ products at different times.
- Same
 - Different
 - Identical
 - Homogeneous
75. Intermittent process is best for _____ volume, _____ variety products such as those produced by customization or mass customization.
- High, low
 - Low, low
 - Low, high
 - High, high
76. Which of the following is discussed in the production planning with respect to location?
- How to locate the manufacturing facility?
 - Where to locate the manufacturing facility?
 - How to layout the manufacturing facility at selected location?
 - None of the above

77. Which of the following may be affected by the facility's location?
- Operating and shipping costs
 - Price of the product or service
 - Company's ability to compete
 - All of the above
78. It can be expensive if the mistake is made in the decision of the location because moving a production facility once production begins is difficult and costly.
- True
 - False
79. Which of the following is the necessary factor to be weighed by the firm to make the right decision regarding location?
- Access to production resource/inputs. This includes material, parts and equipment, and human resources
 - Manufacturing zone/base which provides easy access to human resources and other required inputs
 - Marketing which includes proximity to customers and competitors
 - All of the above
80. Which of the following statement is correct with respect to manufacturing zone?
- In industrial zones many other manufacturing units are already based
 - Manufacturing zones provide an easy access to human resources and other required inputs
 - Some special zones provide tax breaks
 - All of the above
81. For layout the goal is to determine the most efficient and effective design for the:
- Product design
 - Production process
 - Production
 - None of the above
82. A manufacturer might opt for a U-shaped production line, rather than a long, straight one, to allow _____ to move more quickly from one area to another.
- System
 - Process
 - Products and workers
 - None if the above
83. Which of the following is the main type of facility layout?
- Process
 - Product (or assembly line)

- c. Fixed position
 - d. Cellular manufacturing
 - e. All of the above
84. In which of the following facility arrangement work flows according to the production process?
- a. Product layout
 - b. Fixed position layout
 - c. Job layout
 - d. Process layout
85. In process layout, all workers performing _____ tasks are grouped together, and products pass from one workstation to another.
- a. Distinctive
 - b. Similar
 - c. Technical
 - d. Different
86. The process layout is best for firms that produce _____ numbers of a wide variety of products, typically using general-purpose machines that can be changed rapidly to new operations for _____ product designs.
- a. Small, same
 - b. Large, same
 - c. Small, different
 - d. Large, different
87. The product (or assembly-line) layout is a facility arrangement for products that do not require a continuous or repetitive production process.
- a. True
 - b. False
88. In product layout, when large quantities of a product must be processed on an ongoing basis, the workstations or departments are arranged in a line with products moving along the line.
- a. True
 - b. False
89. Which of the following is a facility arrangement in which the product stays in one place and workers and machinery move to it as needed?
- a. Process layout
 - b. Fixed-position layout
 - c. Product layout
 - d. None of the above

90. In fixed position layout the product stays in one place because some products cannot be put on an assembly line or moved about in a plant.
- True
 - False
91. Which of the following begins by specifying that which raw materials, parts, and components will be required, and when to produce finished goods?
- Production planning
 - Resource planning
 - Production process.
 - Resource processing
92. In resource planning, to determine the amount of each item needed, the expected quantity of _____ must be forecast.
- Raw material
 - Finished goods
 - Human resources
 - All of the above
93. Resource planning include key decisions like _____.
- Make-or-buy
 - Outsourcing
 - Inventory management
 - All of the above
94. Supply-chain management focuses on smoothing transitions along the supply chain, with the ultimate goal of satisfying customers with quality products and services.
- True
 - False
95. Which of the following is a critical element of effective supply chain management?
- To maintain customer relationship.
 - To develop tight bonds with suppliers
 - To deliver quality products in a timely manner
 - To become a competitive advantage for the business
96. By developing tight bond with suppliers through supply chain management the company may reduce the number of suppliers used and asking them to offer more services or better prices in return for an ongoing relationship.
- True
 - False

97. One of the important decision in production planning is to select the type of information systems to control ____.
- a. Flow of resources
 - b. Inventory
 - c. Both a and b
 - d. None of the above
98. Which of the following key information system is used by the firm?
- a. Material requirement planning (MRP)
 - b. Manufacturing resource planning II (MRPII)
 - c. Enterprise resource planning (ERP)
 - d. All of the above
99. Each person in the company must be aware of his role within the manufacturing organization and must be mindful of ____.
- a. Authority
 - b. Chain of command
 - c. Span of control
 - d. Organization structure
100. In the management of manufacturing facility, the structure of organization is visually represented through organization ____.
- a. Table
 - b. Hierarchy
 - c. Charts
 - d. All of the above
101. Which of the following shows the chain of command of the company and the proper flow of responsibility within the manufacturing setup which is essential for the company to run in an efficient manner?
- a. Management
 - b. Organization
 - c. Centralization
 - d. Organization chart
102. Which of the following is the top of the organization within the manufacturing setup?
- a. Human resource management
 - b. Financial management
 - c. Executive management
 - d. Operation management

103. In manufacturing organization, _____ is a person with the title of Chief Executive Officer, Chief Operating Officer, President or other similar title.
- a. Employee
 - b. Shareholder
 - c. Manager
 - d. Executive manager
104. In manufacturing organization, an executive manager has the ultimate responsibility of choosing a, _____ just like choosing the primary direction of all other departments.
- a. Financial strategy
 - b. Human resource strategy
 - c. Manufacturing strategy
 - d. None of the above
105. In manufacturing organization, executive manager is ultimately responsible for the outcome of manufacturing strategy.
- a. True
 - b. False
106. A wise executive manager will never seek input and feedback from relevant technical managers when devising a manufacturing strategy.
- a. True
 - b. False
107. The manufacturing or production manager of an organization is the _____ of the production workers and supervisors in the production facility.
- a. Monitor
 - b. Leader
 - c. Colleague
 - d. None of the above
108. Most production managers' report directly to the _____, where he is given his directives for managing the production process.
- a. Human resource manager
 - b. CEO
 - c. Executive manager
 - d. Production line manager
109. A wise production manager will seek input and feedback from his production line supervisors and production employees regarding the effectiveness of the production strategy.
- a. True

b. False

110. The production manager usually reports the successes or failures of the predetermined manufacturing strategy to the ____.
- a. Junior manager
 - b. Operational level manager
 - c. Executive manager
 - d. Senior manager
111. Chief operating officer is the ____ who lies at the top of the organization.
- a. Head of department
 - b. Executive manager
 - c. Production manager
 - d. Planning manager
112. Production line supervisors act as which of the following between the production workers and the production manager?
- a. Advisor
 - b. Liaison
 - c. Arbitrator
 - d. None of the above
113. Although the production manager is responsible for the entire manufacturing facility, _____ is responsible for only the production, or assembly, line where he is stationed.
- a. Production line supervisor
 - b. Human resource manager
 - c. Inventory control manager
 - d. Production supervisor
114. Production line supervisor may be responsible for ____ within a certain production line
- a. Multiple production line
 - b. Multiple assembly line
 - c. Single assembly line
 - d. All of the above
115. It is essential for the production manager to relay the _____ given to him to the production line supervisors that report to him.
- a. Sales strategy
 - b. Manufacturing strategy
 - c. Marketing strategy
 - d. Human resource strategy

116. Which of the following lies at the bottom of the manufacturing organizational chart?
- Supervisors
 - Employee
 - Production worker
 - Labour
117. The production worker is one of the most important pieces to the manufacturing strategy set forth by Executive management.
- True
 - False
118. The production worker can be the reason for _____ of the manufacturing strategy.
- Success
 - Failure
 - Both a and b
 - None of the above
119. Production workers report to the _____.
- Executive manager
 - Director
 - Production line supervisor
 - Head of operations
120. In manufacturing organization, the structuring or organizing process is generally accomplished by _____ primary decision.
- 2
 - 3
 - 4
 - 5
121. The structuring or organizing process is generally accomplished by which of the following primary decision?
- Division of labor: determining job duties and responsibilities
 - Departmentalization: grouping jobs together
 - Delegation: assigning authority and responsibilities
 - All of the above
122. Which of the following describes the relationships of resources within a company. It begins with people but also includes materials, money, and information?
- Internal organizational structure
 - Organization environment
 - Organizational structure
 - Internal organization environment

123. Organizational structure begins with people but also includes _____.
a. Materials
b. Money
c. Information
d. All of the above
124. Division of labour means that the main process of production is split up into many simple parts and each part is taken by different workers who are specialized in the production of that specific part.
a. True
b. False
125. On the basis of which of the following factor different workers perform different parts of production through division of labour to bring the goods to the final shape with the co-operation?
a. Training
b. Specialization
c. Planning
d. Allocation of jobs
126. The result of division of labour is that goods come to the final shape with the _____ of many workers.
a. Ideas
b. Cooperation
c. Input
d. Skills and abilities
127. In a large-scale readymade garment factory, one person cuts the fabric, the second person stitches it with machines, the third buttons, the fourth perform folding and packing, etc. This is the example of:
a. Departmentalization process
b. Delegation of jobs
c. Deputisation of jobs
d. Division of labour
128. Who was the first person to introduce the concept of division of labour in his famous book The Wealth of Nations in 1776?
a. Alfered Marshall
b. Karl Marx
c. Adam Smith
d. None of the above

129. Adam Smith illustrated the way goods or services are produced when divided into a number of tasks that are performed by different workers, instead of all the tasks being done by the same person.
- a. True
 - b. False
130. Adam Smith was _____.
- a. Businessman
 - b. Politician
 - c. Economist
 - d. Psychologist
131. Which of the following factor has contributed immensely to operations of a manufacturing company and even continues to this day?
- a. Delegation
 - b. Division of labour
 - c. Division of planning
 - d. None of the above
132. Which of the following is the key advantage of division of labour in a manufacturing concern?
- a. Increased efficiency
 - b. Improvement in quality
 - c. Utilization of specialized skills and talents of workers
 - d. All of the above
133. Which of the following is not the key advantage of division of labour?
- a. Economies of scale
 - b. Faster training of workers
 - c. Both a and b
 - d. None of the above
134. Which of the following is the disadvantage of division of labour?
- a. Boredom
 - b. Lack of creativity
 - c. Redundancy due to new technology
 - d. All of the above
135. Is it true that Lack of responsibility and interdependence may occur due to division of labour?
- a. Yes
 - b. No

136. Manufacturing companies typically use _____ structures for organizing their resources.
- a. Matrix
 - b. Traditional
 - c. Virtual
 - d. None of the above
137. Traditional structures almost always involve _____ so that similar tasks can be grouped together.
- a. Delegation
 - b. Deputisation
 - c. Departmentalization
 - d. Division of labour
138. Traditional structures are quite rigid, grouping employees by one or more criteria. Which of the following is that criterion?
- a. Function
 - b. Products
 - c. Processes
 - d. All of the above
139. Traditional structure does not group employees on the basis of _____.
- a. Customers
 - b. Regions
 - c. All of the above
 - d. None of the above
140. Which of the following is the type of business structure?
- a. Contemporary
 - b. Team structures
 - c. All of the above
 - d. None of the above
141. Contemporary and team structures are more _____ than traditional structures, allowing management to move employees as needed to respond to _____ working environments.
- a. rigid, static
 - b. flexible, dynamic
 - c. sensitive, stagnant
 - d. None of the above
142. Which of the following would often benefit from contemporary and team structures?
- a. Process based organizations

- b. Product based companies
 - c. Project based companies
 - d. Project based industries
143. Which of the following is not project based company?
- a. Software company
 - b. Service company
 - c. All of the above
 - d. None of the above
144. A typical manufacturing company department structure consists of a few core departments and some support functions in which every individual has to report his superior. Who of the following has to oversee each division of company and report to the company president?
- a. Chief executive
 - b. Vice president
 - c. Functional manager
 - d. Senior manager
145. On which of the following functional departmentalization bases the departments, conducted by the company?
- a. Productive functions
 - b. Divisional functions
 - c. Primary functions
 - d. Traditional functions
146. Which of the following could be included in primary functions conducted by the firm?
- a. Manufacturing
 - b. Legal
 - c. Human resources
 - d. All of the above
147. Which of the following could not be included in primary functions conducted by the firm?
- a. Sales and marketing
 - b. Engineering.
 - c. Finance
 - d. None of the above
148. Edward Interiors a furniture manufacturer has five different departments for retail operations, manufacturing and sourcing, logistics, operations and product design. This example is related to which of the following?
- a. Process departmentalization

- b. Product departmentalization
 - c. Functional departmentalization
 - d. Customer departmentalization
149. On the basis of which of the following product departmentalization divides company resources?
- a. Products being manufactured
 - b. Nature of products
 - c. Production process
 - d. All of the above.
150. Product departmentalization is typically only done within the _____.
- a. Process division
 - b. Customer division
 - c. Product division
 - d. Operations division
151. An appliance manufacturer could have a production manager for small appliances and another for large appliances. This is the example of which of the following?
- a. Functional Departmentalization
 - b. Process departmentalization
 - c. Product departmentalization
 - d. None of the above
152. Which of the following divides departments based on the work being done?
- a. Product Departmentalization
 - b. Functional Departmentalization
 - c. Process Departmentalization
 - d. None of the above
153. In a furniture manufacturing company, lumber cutting and treatment, furniture assembly and finishing could each be divided into separate departments with managers for each department or a supervisor for each department reporting to the operations manager. This illustration belongs to which of the following?
- a. Functional Departmentalization
 - b. Customer Departmentalization
 - c. Product Departmentalization
 - d. Process departmentalization
154. Customer departmentalization usually involves different units based on which of the following?
- a. Purchasing power of customers
 - b. Nature of customers
 - c. Type of customers

- d. None of the above
155. XYZ wheat company runs a manufacturing business. Its one manufacturing unit would be catering to products being sold to industrial consumers and another manufacturing unit would be churning out products for household consumers. This example belongs to which of the following?
- a. Product departmentalization
 - b. Process departmentalization
 - c. Customer departmentalization
 - d. Functional departmentalization
156. ABC Ltd is a lubricants manufacturing company where a specific manufacturing facility would be making lubricants for large scale machinery and another would be making specialized products for cars and other automotive. This example represents which of the following?
- a. Product departmentalization
 - b. Functional departmentalization
 - c. Process departmentalization
 - d. Customer departmentalization
157. In customer departmentalization, _____ could be further divided into different efforts, such as online marketing and retailer relations.
- a. Finance
 - b. Selling
 - c. Marketing
 - d. None of the above
158. In customer departmentalization, which of the following are often divided into units based on internal and external sales forces or different types of clients or customers?
- a. Customer departments
 - b. Sales departments
 - c. Marketing departments
 - d. None of the above
159. When a manufacturer has more than one location, it's often advantageous to divide the company by _____.
- a. Customer
 - b. Region
 - c. Process
 - d. Product
160. The division of the company by region depends on the _____ of the company and the work being done in each location.
- a. Nature

- b. Size
 - c. Customers
 - d. Products
161. In geographic departmentalization, a large manufacturer with independent operations in different countries, like an auto manufacturer, could have separate companies in each country.
- a. True
 - b. False
162. Ford Motor company in addition to company's functional groups, has three global divisions: Americas, Asia-Pacific, Europe, Middle East and Africa which operate at global level. This is the example of _____.
- a. Product departmentalization
 - b. Process departmentalization
 - c. Geographic departmentalization.
 - d. None of the above
163. If all organisational activities, strategic and routine, could be managed by the top executives, the need for a formal organisational structure with functional departments, staffed with people of different caliber, carrying out different activities would not have arisen. Is it true?
- a. True
 - b. False
164. It is not possible, because of physical and mental limitations, for one person to perform all activities with respect to all functional areas, it becomes necessary that he gives part of his workload to subordinates along with commensurate authority to carry out the assigned task. This concept is called delegation.
- a. True
 - b. False
165. _____ is a process the manager uses in distributing work to the subordinates.
- a. Division of labour
 - b. Delegation
 - c. Departmentalization
 - d. None of the above
166. For exceptionally large manufacturers, it doesn't make much sense to limit the company's organization structure to just one model. Is it true?
- a. Yes
 - b. No

167. Four departmentalization models used by Procter and gamble's all at the same time are refund to as ____.
- Four points
 - Four department
 - Four companies
 - Four pillars
168. A small manufacturing unit with a limited workforce may be able to work efficiently as a ____.
- Customer departmentalization.
 - Product departmentalization
 - Functional structure
 - None of the above
169. In which of the following condition organization structure becomes much more complex?
- When the company grows by outsourcing its functional structure
 - When more products are added to production facilities
 - When efficient processes are introduced in the company
 - All of the above
170. It is important to align the choices in choosing an organizational structure with the company's strategies. Choosing an organizational structure involves which of the following question?
- Should manufacturing responsibility be centralized, or should decisions be made locally to account for regional differences?
 - How can you best ensure technology standards are implemented across all business units?
 - Should units like engineering, asset management and maintenance be integrated into manufacturing or separated from it?
 - All of the above
171. Which of the following question is not involved while aligning the choices in organizational structure with the company's strategies?
- How much responsibility will plant managers have?
 - How will responsibility be organized below the plant manager?
 - Both a and b
 - None of the above
172. A manufacturing business functions best when its facilities, technologies, and policies are ____ recognized priorities of corporate strategy.
- Separated from
 - Distinct form
 - Same as

d. Integrated with

173. Manufacturing business gain efficiency by improving _____.

- a. Its customers' needs and wants
- b. Its employees' education
- c. Its operations and productivity
- d. None of the above

174. Which of the following is the factor manufacturing organization structure needs to function best?

- a. The structure should be integrated with organized priorities of corporate strategy
- b. The structure should be consistent with the corporate strategy
- c. All of the above
- d. None of the above

175. Simplicity of design is the main element of manufacturing business, which in turn requires to have a balance between two extreme structures such as a product-or a process- focused form of organization.

- a. True
- b. False

176. The proper selection of an optimal organization structure can smooth _____ by lending stability and efficiency to its operations.

- a. Employees skills and abilities
- b. Company's growth
- c. Employees status
- d. Company profit

177. In which of the following organization the centralized corporate staff is relatively small?

- a. Process based
- b. Product based
- c. Customer based
- d. Functional based

178. Which of the following is the corporate function responsibility of product based organization?

- a. Review request for funds
- b. communicate corporate policies
- c. Assist in functional needs of HR management and development
- d. All of the above

179. Which of the following is not the responsibility of corporate function of product based organization?
- a. Assist in functional needs of procurement
 - b. Performance evaluation of plant controllers as a profit center
 - c. All of the above
 - d. None of the above
180. Which of the following is not the corporate function responsibility of process based organization?
- a. Procurement and logistic
 - b. Assistance in production scheduling and inventory management
 - c. Plant performance evaluation as a cost center.
 - d. None of the above
181. Which of the following is not the corporate function responsibility of process- based organization?
- a. Assistance to marketing
 - b. HR policies
 - c. Recruitment of plant controllers
 - d. None of the above
182. Which of the following is manufacturing and operational responsibility of product based organization?
- a. Assistance to marketing
 - b. Procurement and logistics
 - c. Production scheduling and control
 - d. Management level recruitment for plant
 - e. All of the above
183. Which of the following is not manufacturing and operational responsibility of process based organization?
- a. Operational level recruitment for plant
 - b. Operational efficiency
 - c. Training and development for operational staff.
 - d. None of the above
184. In process-based organization, centralized corporate staff is relatively _____.
- a. Small
 - b. Large
 - c. Narrow
 - d. None of the above

185. A typical manufacturing company like any other business organisation may consist of which of the following department?
- a. Production
 - b. Research and development
 - c. Purchasing
 - d. All of the above
186. A typical manufacturing company, may not consist of which of the following main departments?
- a. Human Resource Management
 - b. Marketing and sales
 - c. Accounting and Finance
 - d. None of the above
187. The Production function undertakes the activities necessary to provide the organisation's products or services. Which of the following is the main responsibility of production department?
- a. Production planning and scheduling
 - b. Control and supervision of the production workforce
 - c. Managing product quality (including process control and monitoring)
 - d. All of the above
188. Which of the following is not the responsibility of production department?
- a. Maintenance of plant and equipment
 - b. Control of inventory
 - c. Deciding the best production methods and factory layout.
 - d. None of the above
189. Which of the following function's close collaboration is necessary with production function within the organisation?
- a. Marketing
 - b. Finance
 - c. Human Resource Management.
 - d. Research and development
 - e. All of the above
190. As Finance department is responsible for the availability of funds for purchase of new equipment and maintaining the optimal inventory levels, that's why it is closely integrated with the production function.
- a. True
 - b. False

191. Close collaboration of research and development department with production department is necessary because research and development department is concerned with the implications of _____ for production methods and cost.
- a. Process design
 - b. Product design
 - c. Nature of product
 - d. None of the above
192. Close collaboration between marketing department and product department is necessary because marketing is concerned with the desired product functionality, appearance, quality, durability and so on.
- a. True
 - b. False
193. Close collaboration between product department and human resource management is necessary because human resource management is concerned staff motivation implications of job design and production methods.
- a. True
 - b. False
194. The Research and Development (R&D) function is concerned with _____ new products or processes and improving existing products/processes.
- a. Pricing
 - b. Developing
 - c. Marketing
 - d. Procuring
195. R&D activities must be closely coordinated with the organisation's _____ activities to ensure that the organisation is providing exactly what its customers want in the most efficient, effective and economical way.
- a. Finance
 - b. Marketing
 - c. Human resource
 - d. None of the above
196. The purchasing department is responsible for purchase and sourcing of all _____ used in the production.
- a. Product and process design
 - b. Human resources and finance
 - c. Raw material and other resources
 - d. None of the above

197. The primary responsibility of the Purchase department is to find and acquire the most suitable _____ at the most _____ in alignment with the overall objectives of the company and the production department.
- material, optimum price
 - human resource, satisfactory pay
 - modern technology, reasonable rate
 - None of the above
198. Once any _____ is ready to be consumed by the end users, it is important to communicate to the target audience about them and the company.
- Industrial product
 - Manufactured components
 - Product or service
 - None of the above
199. Marketing serves as the umbrella function that manages _____.
- Advertising and promotions
 - public relations
 - Sales
 - All of the above
200. In addition to research and development, pricing and distribution which of the following is included in the marketing functions?
- Customer service
 - Sales
 - Communications
 - All of the above
201. Based on which of the following factor sales department advises the marketing department and focuses on customer contact to drive sales?
- Promotional strategies
 - Feedback with customers
 - Customer relationship
 - All of the above
202. Which of the following department tells the sales staff what to emphasize and what sales tools to be used?
- Sales department.
 - Production department
 - Research and development
 - Marketing department

203. Human resources is a key pillar to the success of manufacturing industries, as it enables the company to overcome the challenges threatening the industry.
- a. True
 - b. False
204. The manufacturing industry needs to make sure that it has a _____ workforce to overcome the challenges threatening the industry.
- a. Ordinary
 - b. New
 - c. Skilled
 - d. None of the above
205. Human resource management in the manufacturing industries is often concerned with:
- a. Payroll
 - b. Administrative work
 - c. Mediating between the management and the workers
 - d. All of the above
206. In times of labour unrest and strike the manufacturing company has to rely on the functions of _____.
- a. Labour laws
 - b. Human Resource Development
 - c. Mediator and Counsellor
 - d. All of the above
207. Which of the following is concerned with the accounting and finance function of a manufacturing company?
- a. Product design
 - b. Recruitment and selection
 - c. Payroll administration for paying wages and salaries and maintaining appropriate income tax and insurance records
 - d. None of the above
208. The Accounting and Finance function of a manufacturing company is concerned with which of the following?
- a. Financial record keeping of transactions involving monetary inflows or outflows
 - b. Preparing financial statements (the income statement, balance sheet and cash flow statement) for reporting to stakeholders such as shareholders
 - c. Preparing management accounting information and analysis to help managers to plan, control and make production decisions
 - d. All of the above

209. The financial statements are the starting point for calculating any tax due on business profits.
- a. True
 - b. False
210. A manufacturing company is involved in _____ of goods from raw materials for sale to distributors or retailers.
- a. Design
 - b. Development
 - c. Production design
 - d. All of the above
211. Which of the following refers to the ongoing process of monitoring and improving production processes?
- a. Operations Management
 - b. Manufacturing Operation management
 - c. Manufacturing Operation
 - d. None of the above
212. Manufacturing management centers on _____ to produce the best quality products at the lowest possible prices.
- a. Developing design
 - b. Optimizing efficiency
 - c. Customer need
 - d. Demographic factor
213. Manufacturing operation management involves the tools and methods to optimize production.
- a. True
 - b. False
214. Manufacturing operations management ensures that the physical equipment and the user interface of a business for the benefit of the company.
- a. Operate variably
 - b. Work randomly
 - c. Work harmoniously
 - d. None of the above
215. Which of the following provides a platform where human and automated activities are blended in real-time?
- a. Human Resource development
 - b. Manufacturing system
 - c. Production management

d. Management Information System

216. Managing the _____ gives the ability to deal with important internal and external factors.
- a. Human resources
 - b. Business profit
 - c. Business operations
 - d. Competition
217. Which of the following internal factor may affect the business operations?
- a. Intellectual capital
 - b. Operating policies
 - c. Average attrition rates
 - d. All of the above
218. In manufacturing business, the external factors to improve competitiveness are political (e.g., new legislation), economic (e.g., inflation), social (e.g., change in fashion or taste).
- a. True
 - b. False
219. A business cannot control external factors, but rather try to exploit them in its own favor.
- a. True
 - b. False
220. When the operations are running, _____ managers will have more time to generate new ideas and apply them to increase company sales.
- a. Abruptly
 - b. Smoothly
 - c. Roughly
 - d. None of the above
221. When manufacturing industries have _____ manager, the monitoring of revenue and expenses becomes easier.
- a. Over qualified
 - b. Fresh
 - c. Experienced
 - d. Well behaved
222. When business _____ is well managed, it becomes easier to compete and grow.
- a. Issues
 - b. Laws

- c. Profitability
 - d. Loss
223. Operations management gives business the opportunity to increase the efficiency of the way the business _____ goods.
- a. Designs
 - b. Manufactures
 - c. Sells
 - d. Customizes
224. Which of the following enables the company to improve the way in which the company raw materials are stored?
- a. Human Resource Management
 - b. Financial management
 - c. Manufacturing Operations Management
 - d. Production Management
225. The advantage of increased efficiency and product quality is that business can minimize damage and, hence, minimize losses.
- a. True
 - b. False
226. What is the function of the tools (warehouse management software, production software and defect-trackers etc) used by the manufacturing operations management?
- a. These provide assistance in obtaining finances
 - b. They assist in increasing the efficiency of manufacturing facility
 - c. They assist the company in choosing the best human resources
 - d. All of the above
227. Manufacturing operations management includes making use of useful tools. Which of the following is one of those tools?
- a. Warehouse management software
 - b. Production software
 - c. Defect-trackers
 - d. Process re-engineering programs
 - e. All of the above
228. By managing business operations as per government regulations, each head of the department in the company takes the responsibility to ensure that all tasks performed under him are done in _____ manner.
- a. Prudent
 - b. Ethical
 - c. Lawful
 - d. Prejudicial

229. Compliance with laws protects the company from potential _____ and severe regulatory decisions.
- Government taxes
 - Public policies
 - Government fines
 - None of the above
230. Which of the following enables the company to meet customer expectations by deploying a quality management program to help maintain high standards while ensuring efficiency?
- Marketing
 - Manufacturing Operation Management
 - Marketing Mix
 - Human Resource Management
231. Which of the following can increase when manufacturer meets the customer expectations, and which can also lead to better retention and increased referrals?
- Customer needs
 - Customer demand
 - Satisfaction level
 - Consumption level
232. The benefit of employing manufacturing operations management is the application of manufacturing systems that aid in reducing _____.
- Employee turnover
 - Risk of fire
 - Waste production
 - Product designing
233. Manufacturing operation systems has an inventory management function and consequently _____ the potential of production issues due to the lack of stock.
- Controls
 - Reduces
 - Faces
 - Maximizes
234. Investing in manufacturing operations management system helps reduce _____ and improve accuracy.
- Inventory control
 - Inventory space
 - Defected inventory
 - Inventory stock

235. Manufacturing operations management requires different departments to work together to produce ____.
- a. Workforce
 - b. Quality control
 - c. Quality Products
 - d. None of the above
236. Teamwork improves business _____ and meet the expectations of customers.
- a. Profitability
 - b. Productivity
 - c. Policies
 - d. Team
237. In manufacturing operation management, the company should ensure that it employs innovative technology to achieve its goals and objectives.
- a. True
 - b. False
238. By carrying out which of the following activities the manufacturer ensures that the system is working?
- a. Regular statistical Production methods
 - b. Regular statistical control method
 - c. Regular analysis of production process
 - d. All of the above
239. Which of the following is a specialized form of business, where raw materials are processed into finished goods using tools, machinery, and human capital?
- a. Marketing
 - b. Production
 - c. Manufacturing
 - d. None of the above
240. Manufacturing may be a labour or capital intensive, or a combination of both.
- a. True
 - b. False

ANSWER KEY TO CHAPTER 9

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	c	41	d	81	b	121	d
2	d	42	c	82	c	122	c
3	b	43	c	83	e	123	d
4	b	44	d	84	d	124	a
5	d	45	d	85	b	125	b
6	b	46	b	86	c	126	b
7	d	47	b	87	b	127	d
8	c	48	b	88	a	128	c
9	c	49	d	89	b	129	a
10	a	50	d	90	a	130	c
11	c	51	b	91	b	131	b
12	a	52	b	92	b	132	d
13	b	53	b	93	d	133	d
14	d	54	b	94	a	134	d
15	b	55	d	95	b	135	a
16	a	56	c	96	a	136	b
17	c	57	c	97	c	137	c
18	c	58	a	98	d	138	d
19	d	59	c	99	b	139	d
20	c	60	b	100	c	140	c
21	d	61	c	101	d	141	b
22	d	62	d	102	c	142	c
23	c	63	a	103	d	143	d
24	c	64	a	104	c	144	b
25	d	65	b	105	a	145	c
26	b	66	c	106	b	146	d
27	c	67	c	107	b	147	d
28	b	68	d	108	c	148	c
29	d	69	c	109	a	149	a
30	b	70	c	110	c	150	d
31	d	71	b	111	b	151	c
32	b	72	a	112	b	152	c
33	c	73	d	113	a	153	d
34	c	74	b	114	b	154	c
35	a	75	c	115	b	155	c
36	c	76	b	116	c	156	d
37	c	77	d	117	a	157	c
38	a	78	a	118	c	158	b
39	b	79	d	119	c	159	b
40	b	80	d	120	b	160	b

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
161	a	181	d	201	b	221	c
162	c	182	e	202	d	222	c
163	a	183	d	203	a	223	b
164	a	184	b	204	c	224	c
165	b	185	d	205	d	225	a
166	a	186	d	206	b	226	b
167	d	187	d	207	c	227	e
168	c	188	d	208	d	228	c
169	b	189	e	209	a	229	c
170	d	190	a	210	d	230	b
171	d	191	b	211	b	231	c
172	d	192	a	212	b	232	c
173	c	193	a	213	a	233	b
174	c	194	b	214	c	234	b
175	a	195	b	215	b	235	c
176	b	196	c	216	c	236	b
177	b	197	a	217	d	237	a
178	d	198	c	218	a	238	b
179	d	199	d	219	a	239	c
180	d	200	d	220	b	240	a

CHAPTER 10

INDUSTRIES OF PAKISTAN

1. Electricity power supply has a direct positive correlation with economic development and growth of a country.
 - a. True
 - b. False
2. Power shortage has _____ impact on the country's GDP through lost productivity.
 - a. Severe
 - b. Adverse
 - c. Slight
 - d. Minimum
3. Historically, Pakistan's power sector consisted of two government owned utilities, WAPDA and K- Electric (previously, KESC).
 - a. True
 - b. False
4. K-Electric was responsible for power distribution not only particular to Karachi but also supplied electricity to adjacent areas of Karachi, whereas WAPDA, a semi-autonomous statutory body, was mandated to regulate and distribute power in the allotted areas of the country.
 - a. True
 - b. False
5. Water and hydropower resources came under the umbrella of _____.
 - a. NEPRA
 - b. WAPDA
 - c. NTDC
 - d. None of the above
6. Due to which of the following factors K-Electric and WAPDA was re-arranged?
 - a. Advancement the power sector
 - b. Privatization of the power sector
 - c. Economic burden
 - d. All of the above

7. In addition to economic burden and inefficiencies in power sector which of the following is the other factor due to which K- Electric and WAPDA were structured?
- Regulatory issue
 - Customer dissatisfaction
 - Shortage of hydropower resources
 - All of the above
8. In which of the following year KESC was privatized as K-Electric.
- 2002
 - 2004
 - 2005
 - None of the above
9. Which of the following was not previously part of the power wing of WAPDA?
- Generation Companies(GENCOs)
 - National Transmission Dispatch Company (NTDC)
 - Pakistan Electric Power Company (PEPCO)
 - Distribution Companies (DISCOs)
10. When WAPDA was unbundled into various companies, the functions of its power wings were redefined as _____ and _____ of power houses.
- Hydro Power Generation, Operation and Distribution (O& D)
 - Hydel Power Generation, Operation & Maintenance (O&M)
 - Electric Power Supply, Distribution and Management (D&M)
 - None of the above
11. Following the unbundling of WAPDA's power wing, which of the following is now WAPDA's mandate?
- Development of water
 - Hydropower resources
 - Operate as hydro electric utility
 - All of the above
12. Which of the following is a set of activities that an organization operating in a specific industry performs in order to deliver a valuable product for the market?
- Marketing
 - Supply chain
 - Horizontal integration
 - Value chain

13. _____ refers to the material inputs needed for production, while _____ is opposite end, where products get produced and distributed.
- a. Horizontal stream, Vertical stream
 - b. Upstream, Downstream
 - c. Upward integration, Downward integration
 - d. None of the above
14. _____ refers to an arrangement in which the supply chain of a company is integrated and owned by that company.
- a. Upstream
 - b. Value chain
 - c. Capital intensive
 - d. Vertical integration
15. _____ refers to the entire process of making and selling commercial goods, including every stage from the supply of materials and the manufacturer of the goods through to their distribution and sale.
- a. Vertical integration
 - b. Operation management
 - c. Capital intensive
 - d. Supply chain
16. _____ refers to the degree that a company must invest money in physical or financial assets in order to produce a profit.
- a. Growth intensive
 - b. Capital intensive
 - c. Risk and Return intensive
 - d. None of the above
17. Which part of the value chain at a power plant is called generation or generators?
- a. Upstream
 - b. Downstream
 - c. All of the above
 - d. None of the above
18. Which of the following sources are used for generating electric power?
- a. Thermal technologies
 - b. Renewable technologies
 - c. Fuel Sources
 - d. All of the above

19. Which of the following can be used to generate electricity?
- a. Natural gas
 - b. Coal
 - c. Furnace oil
 - d. All of the above
20. Which of the following cannot be considered as the source of fuel used by thermal technology?
- a. Coal
 - b. Furnace oil
 - c. Solar
 - d. None of the above
21. Which of the following are included in renewable technologies?
- a. Hydro
 - b. Solar
 - c. Wind
 - d. All of the above
22. When the turbines generate electricity, its voltage is significantly increased by passing it through _____.
- a. Generators
 - b. Grid station's transformers
 - c. Step-up transformers
 - d. None of the above
23. While transmission, once the high voltage electricity reaches the grid after passing through the step-up transformers, electricity is reduced in voltage, again through the use of transformers, to make it safe for use by households and end users.
- a. True
 - b. False
24. When does electricity enter distribution power lines on its way to the final destination?
- a. After passing through the step-up transformer
 - b. After leaving the Grid Station's transformer
 - c. When it is generated by the turbines
 - d. None of the above

25. Through which of the following the electricity has to pass for further voltage reduction, once it reaches the neighborhood through distribution power line?
- Generator
 - Grid Station's transformer
 - Pole-Mounted Transformer (PMT)
 - None of the above
26. When the electricity is made available to end users and considered safe to use in the homes and offices?
- When it passes through step-up transformer and reaches the grid station's transformer for the reduction in voltage
 - When it passes through another transformer (i.e. PMT) for further voltage reduction on reaching the neighborhood
 - When it leaves the Grid Station's transformer and enters distribution power lines to reach the final destination
 - None of the above
27. Which of the following is considered as ideal scenario with respect to transmission and distribution?
- Electricity that has entered the distribution power lines should be equal to the electricity billed
 - Electricity that has left the turbine should be equal to electricity reaches the grid.
 - Electricity that has been billed is equal to the electricity generated at power plant
 - None of the above
28. The shortfall of electricity between energy generated and energy billed is called _____.
- Transmission and energy losses
 - Generation to distribution losses
 - Transmission and distribution losses
 - None of the above
29. Which of following serve the electricity to the adjacent areas of Karachi?
- K-Electric
 - WAPDA
 - Distribution Companies (DISCOs)
 - None of the above

30. Which of the following is the only vertically integrated company in the power sector, involved in generation, transmission and distribution segments?
- a. WAPDA
 - b. K-Electric
 - c. NTDC
 - d. NEPRA
31. Apart from the K-Electric all the Pakistan's power sector is the sum of generation, transmission and distribution companies, working in each segment.
- a. True
 - b. False
32. Which of the following almost wholly operate transmission and distribution sector?
- a. Independent Power Producers (IPP's)
 - b. Government own companies
 - c. Distribution Companies(DISCOs)
 - d. None of the above
33. Which of the following also have share in power generation and a small portion of transmission although owned privately?
- a. National Transmission and Despatch Companies (NTDCs).
 - b. Independent Power Producers (IPPs)
 - c. All of the above
 - d. None of the above
34. In which of the following area the industry is particularly capital intensive?
- a. Distribution of power
 - b. Electricity generation
 - c. Transmission of power
 - d. None of the above
35. Pricing (Tariff) in the power industry is determined by the _____.
- a. Independent power producers
 - b. Regulator and government authorities
 - c. WAPDA
 - d. General authorities

36. _____ are provided by government in different segments to encourage or promote a certain segment of the economy or particular industry and consumers.
- a. Utility allowances
 - b. Discount
 - c. Tax Exemption
 - d. Subsidy
37. Which of the following is determined by the regulator on the basis of fixed rate of return on investment over plant life/ contract period to ensure the investors, and is contracted?
- a. Subsidy
 - b. Return
 - c. Tariff
 - d. All of the above
38. While determining the tariff on the basis of fixed rate of return on investment over plant life, all cost variations are admissible.
- a. True
 - b. False
39. To which of the following Government of Pakistan issues guarantee, backing up the payment obligation of the power purchaser?
- a. IPPs
 - b. WAPDA
 - c. K-Electric
 - d. DISCOs
40. Although with the contribution of private sector mainly in generation segment, the power sector has high dominance by government.
- a. True
 - b. False
41. Which of the following is highly regulated sector?
- a. Manufacturing sector
 - b. Power sector
 - c. Public sector
 - d. None of the above

42. Which of the following is the regulatory authority, an autonomous body mandated by the law to regulate the power sector?
- a. GENCOs
 - b. NEPRA
 - c. IPPs
 - d. None of the above
43. NEPRA is an autonomous body mandated by the law to regulate the power sector to ensure that the interests of investors and customers are protected, and a competitive environment is maintained.
- a. True
 - b. False
44. Which of the following are the core functions of the business and remains the technical side of the business?
- a. Procurement and logistics,
 - b. Plant and network operations and maintenance
 - c. Regulatory and technology functions
 - d. Billing function
45. Into which of the following the plant and network operations and maintenance functions of an integrated company are distributed, while others will be confined to their relevant area.
- a. Generation
 - b. Distribution
 - c. transmission
 - d. All of the above
46. Which of the following is the support departments in a power company?
- a. Sales
 - b. Warehouse
 - c. Health, safety and environment
 - d. Research and development.
47. Which of the following is not the support department in a power company?
- a. Finance
 - b. procurement and logistics
 - c. regulatory
 - d. None of the above

48. Apart from marketing and communication, information technology and billing functions are the support departments in Power Company.
- True
 - False
49. Like all other industries, which of the following department oversees the entire management along the financial management of the organization?
- Production
 - Marketing
 - Finance
 - none of the above
50. In case of power sector organization which of the following is not included in finance function?
- General Accounting and Financial Reporting
 - Taxation and Insurances
 - Business Partnering
 - none of the above
51. Procurement and logistics department in power sector company strive to ensure that required items are timely available to business unit at competitive price.
- True
 - False
52. Which of the following is correct statement with respect to inventory management of procurement and logistics?
- It ensures that required items are effectively used for producing electricity to provide it to end users
 - It ensures that sufficient electricity is stored and can be distributed to consumers in case of shortage of power
 - It ensures that stores and spares are kept in pristine condition and are ready for use when the need arises
 - It ensures that the total electricity produced must be transmitted and distributed to customers wholly
53. What is role of procurement and logistics?
- To schedule maintenance of plant and machinery during high demand season i.e. Summer and plan the overall logistics cycle accordingly
 - To schedule maintenance of plant and machinery during low demand season i.e. Winters and plan the overall logistics cycle accordingly

- c. To plan the logistic cycle according to the storage of electricity during low demand season i.e. Winter
 - d. None of the above
54. A large portion of the procurement (especially generation related) involves imports of _____, which require a robust import and clearance function.
- a. Fuel
 - b. Plant
 - c. Equipment
 - d. All of the above
55. Procurement and logistics is responsible to:
- a. Ensures that inventories are kept in maximum range so the working capital is tied up while spares are available when needed
 - b. Ensures that inventories are kept within a range so the working capital is not tied up while spares are available when needed
 - c. Ensures that inventories are kept in minimum range so the working capital is not tied up while spares are available when needed
 - d. All of the above
56. Regulatory/ legal function of power Generation Company ensures that the organization is in compliance with _____ and their application.
- a. International standards
 - b. Laws and regulation
 - c. Prescribed requirements
 - d. None of the above
57. Which of the following is important element for regulatory function?
- a. To harmonize with the regulatory authorities to get subsidies and payoff the dues to the government on timely manner
 - b. To act as liaison between regulatory authority and government for getting the subsidies and dues from the government
 - c. To keep close coordination with nepra and get timely clearance of subsidies and dues from the government
 - d. None of the above
58. In power sector Health and safety environment is of utmost importance:
- a. When company operating in an industrial zone which may become hazardous to the generation company.
 - b. When company operating in a sector where the primary product poses a hazard to life

- c. When company operating in an area where the availability of required items may become remote
 - d. All of the above
- 59. Companies are required to abide by safety requirements of various documents including which of the following?
 - a. Power safety manual
 - b. Distribution code
 - c. Power Safety code
 - d. All of the above
- 60. Which of the following are the key responsibilities of Health, safety and environment department of Power Generation Company?
 - a. Compliance with legal and regulatory requirements related to HSE
 - b. To ensure HSE requirements are embedded in routine and non-routine activities
 - c. Employee trainings and supervision
 - d. All of the above
- 61. Which of the following is not the key responsibility of HSE?
 - a. Conservation of natural resources and reduction of carbon footprint by assessment to environmental impact and mitigation of adverse effects
 - b. Continuous improvement through a system of performance planning, measurement and regular reviews
 - c. Prevention of injuries and ill-health through proactive system of risk management
 - d. None of the above
- 62. For which of the following purpose power generating organizations require right and ready talent, driven by the need to succeed in today's volatile business environment?
 - a. To supply the power
 - b. To successfully execute the business strategy
 - c. To earn the maximum profit and maintain value
 - d. All of the above
- 63. Which of the following are the key responsibilities of Human Resource department of Power Company?
 - a. Source and retain manpower with required skillset to work on plant and network
 - b. Learning and development of talent
 - c. Maintaining industrial relations for labour
 - d. All of the above

64. Mapping the needs of employees in various segments and expectations of the company is one of the key responsibility of human resource department of Power Company.
- True
 - False
65. Due to which of the following reason the support of information technology department is necessary for Power Company?
- Because it enables the company to update the power generation process by making development in it
 - Because the value of real time information is ever more with fast paced business realities of today
 - Because it enables the company to speed up supply of power by choosing the best technology
 - None of the above
66. Information technology function facilitates via use of software and hardware to provide its users with the tools to extract, utilize, analyze & present data in meaningful way.
- True
 - False
67. Which of the following is one of the largest industries in Pakistan?
- Leather
 - Edible oil
 - Steel
 - Textile
68. Textile industries plays a vital role in contributing to country's economy through:
- Industrial production
 - High employment opportunities
 - Bringing in foreign exchange
 - All of the above
69. Which of the following industry is going through tremendous changes with respect to globalization and many economic challenges?
- Leather
 - Steel
 - Edible oil
 - Textile

70. Which of the following factor placed textile industry as the single largest manufacturing sector of the country?
- a. Investment and value addition
 - b. Foreign exchange earnings
 - c. Revenue generation
 - d. All of the above
71. The proportion of textile industry in the country's economy with its contribution to exports, in terms of GDP employment placed the industry as the 8th largest exporter of textile commodity in Asia.
- a. True
 - b. False
72. Which of the following is the main factor to contribute to huge developments in the textile industry of the country?
- a. The export of textile garments
 - b. The production of cotton
 - c. Foreign exchange
 - d. Foreign investment
73. Textile sector is a major contributor to Pakistan's total exports. How much of the total country's export did textile sector represent in FY 2020-21?
- a. 0%
 - b. 55%
 - c. 57%
 - d. 60%
74. How much does the textile sector contribute of industrial value added products and provide employment to 40% industrial labor force?
- a. One-third
 - b. Two-third
 - c. One-fourth
 - d. None of the above
75. The value added sub sector of textile industry is a made up sector which in addition to meeting local needs, exports products under different categories including garments, hosiery, bed wear, towels and tents/ canvas.
- a. True
 - b. False

76. In addition to stitching which of the following is one of the subsectors within textile industries of Pakistan?
- Spinning
 - Weaving
 - Processing
 - All of the above
77. Which is the major representative association of textile sector in Pakistan?
- Global Textile Mills Association (GPTMA)
 - All Pakistan Textile Mills Association (APTMA)
 - Pakistan Textile Exporters Mills Association (PTEMA)
 - Global Association of Textile Mills (GATM)
78. All Pakistan Textile Mills Association has _____ member textile mills.
- 396
 - 445
 - 250
 - None of the above
79. How many spinning units are there out of the total member textile mills?
- 300
 - 320
 - 400
 - 315
80. How many weaving units and composite units are there of the total member textile mills?
- 35, 25
 - 44, 37
 - 46, 30
 - 37, 44
81. Which of the following are the major cities representing textile industries?
- Peshawar, Karachi, Lahore
 - Karachi, Lahore, Nooriabad
 - Lahore, Faisalabad, Karachi
 - All of the above

82. Which of the following introduced certain financing schemes at low markup rates to facilitate export oriented sectors?
- Government of Pakistan
 - State Bank of Pakistan (SBP)
 - All Pakistan Textile Mills Association (APTMA)
 - None of the above
83. In addition to Export Refinancing Scheme which of the following is the other scheme introduced to facilitate export oriented sectors for meeting exporter's short term and long term financing needs respectively.
- Short Term finance facility (STFF)
 - Long Term Refinancing Scheme (LTRS)
 - Long Term Export Finance Facility (LTEFF)
 - Long term Finance Facility (LTFF)
84. Which of the following is the beneficiary of the schemes Introduced by the State Bank of Pakistan to facilitate export oriented sectors, as well as tax exemption in certain instances?
- Fertilizers sector
 - Textile sector
 - Cement sector
 - All of the above
85. Which of the following is the factor due to which textile industry has been dull and stagnant in recent years?
- Textile products are available at lower prices in other countries because of subsidies and other benefits and therefore Pakistan's products have become less competitive.
 - In Pakistan, tariffs on imported textile materials are applied to provide protection to domestic industry which has resulted in inefficiencies in the local manufacturing process.
 - Limited number of value added products and low usage of manmade fibers.
 - All of the above
86. Is it true that due to lack of using new technology and modern methods of harvesting, and climate changes and farmers' interest in more profitable crops, domestic cotton production is stagnant, which is one the factor to make the growth of textile industry dull and stagnant?
- Yes
 - No

87. Which of the following is not considered as the factor of stagnant growth in textile industry?
- a. Failure to benefit from cost efficiencies through cluster development & growth
 - b. Absence of modern management practices
 - c. Lack of skilled labor
 - d. None of the above
88. Which of the following are the primary raw materials used in the textile industry?
- a. fiber, cotton, and polyester
 - b. cotton, polyester and viscose
 - c. All of the above
 - d. None of the above
89. Which of the following is a natural fiber grown as industrial product in Pakistan?
- a. Rayon
 - b. Wool
 - c. Cotton
 - d. Jute
90. Which of the following is the major cotton growing province?
- a. Sindh
 - b. Punjab
 - c. All of the above
 - d. None of the above
91. Polyester and viscose are manmade fibers that are both locally produced and imported.
- a. True
 - b. False
92. Through _____ local cotton from the fields reaches textile spinners.
- a. Cotton processors
 - b. Cotton manufacturers
 - c. Cotton weavers
 - d. None of the above
93. _____ is a process in which cotton fibers are separated from the seeds and wastes such as leaves.
- a. Cotton processing
 - b. Cotton spinning

- c. Cotton ginning
 - d. Cotton weaving
94. Which of the following is the raw material for cotton ginner?
- a. Cotton fibers
 - b. Cotton balls (phutti)
 - c. Seed cotton (phutti)
 - d. None of the above
95. Which of the following is the finished product the cotton ginner attained?
- a. Cotton balls
 - b. Cotton bales
 - c. Cotton yarn
 - d. All of the above
96. Cotton ginner are located in cotton growing areas of Punjab and Sindh. By which of the following they are represented?
- a. All Pakistan Cotton Ginner Association (APCGA)
 - b. Pakistan Cotton Ginner Association (PCGA)
 - c. Cotton Ginner Association of Punjab and Sindh (CGAPAS)
 - d. None of the above
97. Which of the following statement is not true about cotton ginner?
- a. Most of the cotton ginner are not registered as corporate entities
 - b. Most of the cotton ginner operate sale channels with the help of cotton brokers
 - c. All of the above
 - d. None of the above
98. Demand and supply dynamics of cotton ginner is affected by various factors. In addition to weather condition which of the following is one of those factors?
- a. Duties on exported cotton
 - b. Exchange rates
 - c. General economic conditions of the country as well as the other countries
 - d. All of the above
99. Which of the following seeks services of brokers to source cotton from cotton ginner?
- a. Textile weavers and textile processing
 - b. Textile spinners and textile composites
 - c. Textile exporters and textile spinners

d. None of the above

100. Is it true that in spite of being fifth largest cotton producer of the world the agro economics of Pakistan largely derives the local crop pricing, whereas for high quality cotton, textile industry is dependent on import channels?

- a. True
- b. False

101. From where cotton is being mainly imported around the world?

- a. Europe
- b. USA, India
- c. China, Turkey
- d. Australia

102. Including the regions from where cotton is mainly imported which of following is the region from where cotton is being imported?

- a. Europe
- b. Middle East
- c. Asia
- d. All of the above

103. Which of the following are considered as major cotton growing districts?

- a. Lahore and Faisalabad
- b. Punjab and Sindh
- c. Ziarat and Faisalabad
- d. Punjab and Peshawar

104. Which of the following are major polyester manufacturers in Pakistan?

- a. ICI fibers and PASHA Polyester
- b. PASHA Polyester, ICI fibers and Ibrahim Polyester
- c. Ibrahim Fibers and ICI Polyester
- d. None of the above

105. The polyester is imported, mainly from china and Korea and some other European countries.

- a. True
- b. False

106. Viscose is also being sourced through import channels. Which of the following are the major import countries for viscose?
- China and Russia
 - India, Malaysia, Japan
 - Europe, USA and Russia
 - China, Indonesia and Korea
107. _____ is a process in which raw materials including cotton and polyester are converted into yarn in a climate controlled facility.
- Weaving
 - Ginning
 - Spinning
 - None of the above
108. In spinning process for planning purposes on subunit levels, which of the following is prepared for planning the yarn types to be produced as well as for backward planning of input requirement for each subsection of spinning process?
- Spin process
 - Spin plan
 - Yarn plan
 - Yarn process
109. In textile business _____ is determined backward from auto cone to mixing process keeping in view the waste percentage in each process of spinning.
- Output
 - Input
 - type of yarn
 - none of the above
110. The capacity of spinning unit is denominated in _____ in ring section, a front end sub unit in spinning process
- Number of rods
 - Number of levels
 - Number of spindles
 - None of the above
111. In weaving, yarn thread from the spinning department is weaved to form _____.
- Patterned fabric
 - Greige fabric
 - Fabric
 - None of the above

112. _____ is a process in which longitudinal threads i.e. threads along the length of fabric (warp) and lateral threads i.e. threads along the width of fabric (weft) are interlaced to manufacture fabric.
- Spinning
 - Weaving
 - looming
 - Sizing
113. _____ is determined by several factors i.e. yarn quality, number of warp per inch (ends), number of wefts per inch (picks), fabric width and weaving pattern.
- The patter of fabric
 - The process of weaving
 - The nature of fabric
 - The quality and type of fabric
114. Which of the following is pattern of weaving?
- Plain
 - Satin
 - Twill
 - All of the above
115. In addition to allocation of looms to production of desired type of weaved fabric, which of the following is involved in loom or weave plan prepared for production planning?
- Loom speed
 - Target production
 - Tentative completion date
 - All of the above
116. The capacity of weaving unit is determined by number and type of looms and is denominated in square meter equivalent to _____ picks.
- 30
 - 40
 - 50
 - 60
117. Warping is a process of making a sheet of yarn threads in the form of warping cones.
- True
 - False

118. _____ are installed on creels in warping section which are warp in the form of sheet of longitudinal yarn threads.
- a. Yarn spindles
 - b. Yarn cones
 - c. Yarn rings
 - d. All of the above
119. Which of the following is the type of warping?
- a. Straight warping
 - b. Lateral warping
 - c. Ball warping
 - d. None of the above
120. In which of the following process, the number of ends required for a given fabric quality are taken from multiple warping beams to the weaving beam?
- a. Drawing
 - b. Warping
 - c. Sizing
 - d. Weaving
121. _____ are applied on yarn thread to cover the yarn surface to withstand friction in weaving process.
- a. Weaving chemicals
 - b. Sizing chemicals
 - c. Yarn chemicals
 - d. None of the above
122. Which of the following is the process of preparing weaver's beam for the purpose of weaving fabric on the loom according to design of the fabric?
- a. Weaving
 - b. Drawing
 - c. Sizing
 - d. None of the above
123. _____ is a process of making fabric by interlacement of warp and weft on looms.
- a. Sizing
 - b. Folding
 - c. Weaving
 - d. None of the above

124. Which of the following activity is done in weaving process?
- a. The warps are installed in looms in the form of weaving beams and yarn cones are installed to take form of weft
 - b. The weft from yarn cones are weaved in threads from weaving beam to manufacture fabric of desired quality
 - c. All of the above
 - d. None of the above
125. Including air jet which of the following is the type of looms available, varying in weaving speed and production efficiencies?
- a. Shuttle looms
 - b. Shuttle less looms
 - c. Power looms
 - d. All of the above
126. Which of the following statement is correct with respect to weaving?
- a. The maximum width of fabric also varies looms
 - b. A jacquard head is used to make special weave fabrics.
 - c. All of the above
 - d. None of the above
127. In addition to packing for which of the following purpose weaved cloth from loom shed is brought into folding section?
- a. Inspection
 - b. Mending
 - c. Grading
 - d. All of the above
128. Inspection of fabric is generally done on the basis of _____.
- a. 7 Point system
 - b. 5 Point system
 - c. 4 Point system
 - d. All of the above
129. How many penalty points can be given to one fault while folding?
- a. Minimum 4
 - b. Maximum 4
 - c. 4
 - d. None of the above

130. The criteria of grading is generally agreed with customers for quality of fabric. At what condition the fabric will be graded as 'A-Grade Fabric'?
- a. If points per 100 sq. yards are 20
 - b. If points per 200 sq. yards are more than 20
 - c. If points per 100 sq. yards are less than 20
 - d. None of the above
131. In folding section packing is done in the form of bales, rolls or thaans as per the requirement after inspection.
- a. True
 - b. False
132. In processing which of the following fabric is converted into processed fabric i.e. fabric is bleached, dyed and/ or printed?
- a. Woven
 - b. Greige
 - c. Patterned
 - d. All of the above
133. As per the desired quality of processed fabric, fabric route is determined for applying different processing operations. Which of the following is the processing operation?
- a. Dyeing
 - b. Folding
 - c. Scouring
 - d. All of the above
134. _____ is designed to burn off the surface fibers the fabric to invoke smoothness in it.
- a. De-sizing
 - b. Printing
 - c. singeing
 - d. Bleaching
135. In singeing the fabric passes over brushes to raise the fibers, then passes over the plate heated by gas flames.
- a. True
 - b. False

136. Which of the following is the process of removal of sizing material on fabric (greige fabric is sized as part of weaving)?
- Scouring
 - Bleaching
 - De-sizing
 - Finishing
137. For which of the following purpose scouring (i.e. a chemical washing process) is carried out on fabric?
- To remove natural wax and non-fibrous impurities from the fabric including soiling and dirt for Dyeing
 - To remove natural wax and non-fibrous impurities from the fabric including soiling and dirt before bleaching
 - To remove natural wax and non-fibrous impurities from the fabric including soiling and dirt after dyeing
 - None of the above
138. At which of the following stage even the most naturally white fabric is in yellowish tone?
- Bleaching
 - Folding
 - Scouring
 - Printing
139. Bleaching improves whiteness of fabric by removing natural coloration and impurities from the fabric through a washing process.
- True
 - False
140. By which of the following factor the degree of necessary bleaching is not determined?
- By the absorbency of the fabric
 - By the required whiteness
 - By the given tone of the fabric
 - None of the above
141. Dyeing is the process of adding color to the bleached fabric as per the requirement.
- True
 - False

142. _____ is the process of applying color designs with respect to patterns to the fabric.
- a. Finishing
 - b. dyeing
 - c. Scouring
 - d. Printing
143. Which of the following is not the kind of printing?
- a. Digital printing
 - b. Pattern printing
 - c. Printing through engraving screens
 - d. None of the above
144. In which of the following different processes are applied to improve the look, performance, shrinkage, or 'hand' (feel) of the fabric?
- a. Folding
 - b. Finishing
 - c. Dyeing
 - d. Scouring
145. Which of the following are not included in finishing process?
- a. Raising
 - b. Calendering
 - c. Sanforizing
 - d. All of the above
146. Is it true that folding method in processing is consistent with the one in weaving, but processing faults are also inspected during this process?
- a. True
 - b. False
147. Which of the following is a labour intensive section of textile industry?
- a. Hosiery
 - b. Bed wear
 - c. Garments
 - d. Towels
148. Which of the following are the categories the garment section further divided into?
- a. Woven and home textiles
 - b. Woven, knitted and home textiles
 - c. knitted and woven

d. Home textiles

149. Which of the following statement is true with respect to garment manufacturing?

- a. Fabric is cut and stitched as per requirement and design of desired product.
- b. Design and cutting phase of stitching operation varies with complexity of the product involved.
- c. All of the above
- d. None of the above

150. Which of the following methods is not applied for garment designing and cutting?

- a. Manual CAD
- b. Automated fabric spreading
- c. Automated cutting
- d. All of the above

151. For garment design and cutting automated CAD, automated fabric spreading and automated cutting methods are applied, whereas for home textile manual operation are applied from designing to cutting to fabric.

- a. True
- b. False

152. Which of the following is designed keeping in view the product being stitched?

- a. Stitching production line
- b. Stitching design and stitching operations
- c. Stitching line operations
- d. Stitching production line and stitching operations

153. Which of the following is exercised parallel with all production operations from spinning to final product?

- a. Quality Assurance
- b. Quality Control
- c. Quality Audits
- d. None of the above

154. Which of the following is the purpose of quality controls?

- a. To ensure prevention of production faults
- b. To ensure subsequent rectification of defects
- c. To ensure that inspection is done at every production operation
- d. All of the above

155. Parallel with all production operations from spinning to final product, quality controls are being exercised to ensure prevention of production faults and to rectify defects on spot, rather than waiting for the manufactured product.
- a. True
 - b. False
156. Which of the following is designed and performed in sub operations of main textile operation, to rectify production errors through machine adjustment and reworks?
- a. Quality control measures
 - b. Quality control tests
 - c. Quality Assurance assessments
 - d. Quality Audit evaluation
157. Due to which of the following reason quality control incorporates all fabric and garments testing after wash tests?
- a. To ensure that the garment is manufactured by adopting all the quality standards
 - b. To make sure that the fabric will be graded as a-grade fabric due to the quality
 - c. To make sure the product meets the performance requirements
 - d. All of the above
158. When in-house quality audits are performed?
- a. Before distributing the samples for testing
 - b. After getting customers reviews
 - c. Before sending shipment to final customer
 - d. None of the above
159. Although department structure may vary from organization to organization, the quality audits are generally performed by independent team.
- a. True
 - b. False
160. In quality audit for sample selection and passing criteria, different are being applied.
- a. Acceptable Audit Limits (AALs)
 - b. Acceptable Quality Limits (AQLs)
 - c. Quality Assurance Limits(QALs)
 - d. None of the above

161. While quality auditing if there is a selection criterion that there should not be more than 4% defective pieces of sample selected. It means that acceptable quality limit is (AQLs) is _____.
- Audit Quality Limit 4 (AQL 4)
 - Acceptable Quality Limit 4 (AQL4)
 - Acceptable Audit Limit 4 (AAL 4)
 - None of the above
162. Which of the following factor is ensured by the general application of in-house quality audit?
- That goods can be rejected if defected before shipment
 - That different acceptable quality limits are applied before shipment of the product
 - That shipped goods are not rejected at customer's quality audit
 - All of the above
163. For _____ fabric is spread for bulk cutting by using the manual or automated machines.
- Stitching
 - Finishing
 - Folding
 - None of the above
164. Why fabric is spread in cutting?
- For cutting in bulk through automated machine
 - For cutting in bulk through manual machine
 - All the above
 - None of the above
165. Cutting methods vary from hand held cutting machine to laser cutting as per the design fed in the automated machine.
- True
 - False
166. After cutting, the cut pieces along with stitching accessories such as threads, buttons, hooks and zips are forwarded to stitching sections where workers sew the cutting pieces into required product.
- True
 - False

167. _____ are performed in the stitching section to detect and remove stitching fault instantly.
- a. Quality audit
 - b. Inline inspection
 - c. Grading
 - d. None of the above
168. _____ is a major value addition part of garment manufacturing both in woven and knitted products but especially in denim woven.
- a. Finishing
 - b. Stitching
 - c. Cutting
 - d. None of the above
169. In garment manufacturing the required final look and feel is given to the production. For which of the following purpose the production is washed in laundry?
- a. For scouring
 - b. For cleaning and de-sizing
 - c. For de-sizing
 - d. For cleaning and finishing
170. In which of the following stage dyeing garments made out of RFD (ready for Dyeing) fabric may be done?
- a. Dyeing
 - b. Finishing
 - c. Scouring
 - d. Laundry
171. Which of the following statement relates to Finishing?
- a. After laundry, units are forwarded to Trimming and Pressing section where trained staff removes unnecessary threads from products before pressing the stitched articles
 - b. The stitched articles along with packing accessories such as insert cards, stickers, branding hash tags and labels are packed into cartons or polythene bags as per requirement for pressing
 - c. All of the above
 - d. None of the above
172. Arranging shipments for customer is the last part of _____.
- a. Garment manufacturing
 - b. Value chain

- c. Vertical integration
 - d. None of the above
173. Which of the following terms are not agreed with local customer for shipment and logistics?
- a. Ex-mill
 - b. Ex-party
 - c. Joint -party
 - d. None of the above
174. Which of the following term is not generally agreed with customers with respect to export?
- a. Free on Board (FOB)
 - b. Carriage Insurance and Freight (CIF)
 - c. Freight on Board (FOB)
 - d. None of the above
175. Which of the following is incoterm?
- a. Freight on board (FOB)
 - b. Ex-mill
 - c. Carriage Insurance and Freight (CIF)
 - d. All of the above
176. In ex-mill term arranging transportation is the responsibility of company, whereas in ex-party term the customer is responsible for shipment and logistics.
- a. True
 - b. False
177. Due to which of the following reason sometimes, air shipments have to be made by textile companies for avoiding penalties? Choose the most appropriate?
- a. The light weight of the product
 - b. Delays in supply chain process
 - c. Heavy freight cost
 - d. All of the above
178. Why air shipments mode is least preferable, although it is the quickest mode of shipment?
- a. Due to the involvement of heavy products
 - b. Due to hefty air freight cost
 - c. because of restricted shipments policies
 - d. All of the above

179. To which of the following the role of finance executive in textile companies is not limited?
- a. Costing
 - b. General accounting
 - c. legal compliances (including those relating to taxation, corporate and labor laws)
 - d. All of the above
180. There are different sales and marketing channels in textile industry. Which of the following is the channel of sales and marketing?
- a. Export market
 - b. Local market
 - c. Retail market
 - d. All of the above
181. Which of the following is the market activity including international exhibitions?
- a. Trade fairs
 - b. Product samples
 - c. Personal inquiries
 - d. All of the above
-
182. Which of the following Pakistani value added product contributes major share in the export?
- a. Cotton fabrics
 - b. Bed ware
 - c. Textile made-up other than bed ware and towels
 - d. Readymade garments
183. In which of the following textile representative's cities local market does not exists?
- a. Karachi and Lahore
 - b. Karachi, Lahore, Faisalabad
 - c. Faisalabad and Multan
 - d. None of the above
-
184. Which of the following is the top export market for readymade garments?
- a. United Kingdom
 - b. USA
 - c. Germany
 - d. Spain

185. Health Safety and Environment has great importance in textile industry. For which of the following employees are trained to ensure health and safety?
- Environmental safety
 - System-protection
 - Safety precautions
 - All of the above
186. Which of the following is conducted with respect to HSE internal policies and best practices as per local and international standards?
- Operational programs
 - Awareness sessions
 - Precautionary courses
 - All of the above
187. In which of the following workers of industries are trained?
- Personal Protective Equipment (PPE)
 - Firefighting
 - Responding in emergency conditions
 - All of the above
188. Textile companies take different measures for the sake of environment sustainability. Which of the following is not the measures taken for environment sustainability?
- Compliance with RSL (Restrictive Substance List)
 - Waste water/effluent treatment.
 - Prevention from MRSL (Manufacturing Restricted Substance List)
 - None of the above
189. For health safety and environment, customers specify mandatory certifications especially in export oriented companies. Which of the following is the mandatory certificate in this regard for Textile Company?
- ISO 22000
 - ISO 14001
 - EU Ecolabel
 - All of the above
190. Which of the following is one of the certification, with the frameworks of which the textile industry designs procedures for continuous compliance?
- OHSAS 18001
 - Nordic Swan Ecolabel
 - All of the above
 - None of the above

191. Is it true that pharmaceutical industry is essentially a low-cost generic market with large number of new generic medicine launched at higher price unit?
- a. Yes
 - b. No
192. It is true that growth in sales of national companies has been higher than the multinationals and Pakistan has a very vibrant and forward looking Pharma Industry. How many pharmaceutical companies are approximately operating in the Pakistani pharmaceutical market?
- a. 600
 - b. 500
 - c. 650
 - d. None of the above
193. How many multinational companies operating in the Pakistani pharmaceutical market out of total pharmaceutical companies?
- a. 20
 - b. 30
 - c. 35
 - d. 40
-
194. How much does the pharmaceutical industry approximately contribute to the GDP of Pakistan annually?
- a. 5%
 - b. 1%
 - c. 3%
 - d. None of the above
195. In 1947 at the time of independence, Pakistan had hardly any pharma industry in the country. Today Pakistan has large number of pharmaceutical manufacturing units including those operated by 25 multinationals present in the country. How many total pharmaceutical manufacturing units Pakistan has?
- a. 669
 - b. 700
 - c. 759
 - d. None of the above
196. Around how much percentage of the total country's demand of Finished Medicine does the Pakistan Pharmaceutical Industry meet?
- a. 0%
 - b. 50%

- c. 70%
 - d. None of the above
197. The National pharma industry has shown a progressive growth over the years, particularly over the last one decade.
- a. True
 - b. False
198. By which of the following the pharmaceutical industry upgraded itself in the last few years?
- a. Lowering the price unit price of new generic medicine.
 - b. Meeting total country's demand of finished medicine
 - c. Investing substantially
 - d. All of the above
199. Which of the following system followed by the majority industry today, in accordance with the domestic as well as international guidance.
- a. Medicine Manufacturing Practices (MMP)
 - b. Good Manufacturing Practices (GMP)
 - c. Generic Production Practices (GPP)
 - d. All of the above
200. Currently, the Pakistan Pharmaceutical Industry has the capacity to manufacture a variety of product ranging from simple pills to sophisticated Biotech and oncology and value added generic compounds.
- a. True
 - b. False
201. How many actively marketed drugs in Pakistan are sold at licensed pharmacies on prescription?
- a. Around 6000
 - b. Around 9000
 - c. Around 11000
 - d. None of the above
202. Which of the following is the example of Over the Counter (OTC) products, which is a large segment in addition to the drugs sold on prescription?
- a. Multivitamins
 - b. Pain relief
 - c. Cold and flu relief
 - d. All of the above

203. Pharmaceutical sector in Pakistan is strictly regulated by the government. Which of the following controls the registration of new medicines and new manufacturing sites?
- Medicine Regulatory Authority of Pakistan (MRAP)
 - Drug Regulatory Authority of Pakistan (DRAP)
 - Pharma Regulatory Authority of Pakistan (PRAP)
 - All of the above
204. Which of the following is determined by the regulatory authority of pharmaceutical industry for all medicines marketed in Pakistan?
- Retail Price
 - Minimum Retail Price (MRP)
 - Maximum Retail Price (MRP)
 - None of the above
205. Which of the following market is largely an out-of-pocket market?
- Textile market
 - Pharmaceutical market
 - Oil market
 - Utility market
206. Although the Pakistani Pharmaceutical market is expensive, the government provide free or low cost treatment at government hospitals and clinics.
- True
 - False
207. Due to which of the following reason the Health Insurance industry is gradually evolving, although Pakistan does not have a national health insurance cover?
- To provide life insurance facility to citizens
 - To provide free medicinal and clinical courses to the citizens
 - To provide hospitalization coverage for the citizen
 - All of the above
208. Which of the following in health sector has also increased with several Pharmaceutical companies working with government and NGOs to provide necessary access to medicines?
- Private partnership
 - Public private partnership
 - Public partnership
 - All of the above

209. As far as pharmaceutical firms are concerned which of the following leads the way in terms of production, capacity utilization, volume and size of business, although the numbers reflect that majority of firms are in the province of Punjab?
- Quetta
 - Peshawar
 - Karachi
 - All of the above
210. Who of the following is given a fixed salary and a variable incentive pay?
- Healthcare Professionals
 - Sales representatives
 - Production representatives
 - Clinical professionals
211. Which of the following is the responsibility of medical representatives?
- They call on the medical researchers to give disease information so they research for the medicine of the particular disease treatment efficacy
 - They call on the doctors to communicate scientific product and disease information, treatment efficacy, results of clinical studies etc
 - They communicate the doctors about the new disease information, results of the clinical research studies and treatment efficacy etc to make them purchase the new generic medicines
 - All of the above
212. Which of the following is the target of sales representatives?
- to sale the number of medicines to the clinical doctors in their respective assigned territories by awaring them about the pros of the medicines
 - to make the assigned number of calls to doctors in their respective territories and carry out number of scientific and promotional activities as well as sales
 - to promote the medicine by communicating the doctors additionally out of the assigned territories to make the maximum number of sales
 - None of the above
213. There are certain special payments made to DRAP for various purposes. Which of the following is included in those special payments in addition to central research fund?
- New Drug Registration Fees
 - Drug Registration Renewal Fees
 - Drug Manufacturing License Fees
 - All of the above

214. Pharmaceutical companies make various kinds of payments to Healthcare Professionals (HCPs)/Healthcare Organizations (HCOs) with respect to services obtained from them. Which of the following is not included in those kinds of payments?
- a. Honoraria for delivering lectures in conferences and symposia
 - b. Honoraria for Local speaker programs(LSPs) and Round-Table Discussions(RTDs)
 - c. Honoraria for awareness programs HCPs as well as general public
 - d. None of the above
215. Which of the following department in any pharmaceutical company plays an increasingly important role in communicating scientific information to HCPs in an objective and ethical manner?
- a. Drug Regulatory Affairs Department
 - b. Research and Development Department
 - c. Medical Affairs Department
 - d. All of the above
216. Which of the following provides medical education on latest clinical research, treatment guidelines, new medicines, their medical benefits to patients and any risks of side effect?
- a. Research and Development Department
 - b. Drug Regulatory Affairs Department
 - c. Health and Clinical Department
 - d. None of the above
217. Which of the following department of Pharma Company is responsible for providing scientific information on the appropriate use of medicines and vaccines?
- a. Research and Development
 - b. Medical Affairs Department
 - c. Drug regulatory affairs department
 - d. None of the above
218. Which of the following is the characteristic of clinical trials?
- a. Its each study answers specific scientific questions and tries to find better ways for prevention, screening, diagnosis, or treatment of a disease
 - b. Clinical trials may also compare a new treatment to the one that is already available in the market
 - c. All of the above
 - d. None of the above

219. On the basis of which of the following hospitals enroll volunteers and/or patients into small study groups for clinical trials on a specific medicine's efficacy?
- Nature of the disease
 - Medicine's type and patients development stage
 - Medical research and the type of patients
 - None of the above
220. Which of the following is the factor without which no healthcare system in the world can deliver treatment and care to patients?
- Medical research evidences
 - Clinical trials
 - Supply of quality medicines
 - All of the above
221. Both Healthcare systems and Pharma companies need to work together:
- To provide free treatment to privileged patients
 - To ensure affordable healthcare for all
 - To prove the multiple medicine's efficacy for the particular disease.
 - All of the above
222. Which of the following factor offers growth opportunities to pharma companies?
- Large population with sub optimal access to quality medicines
 - large population with high disease burden
 - All of the above
 - None of the above
223. According to McKinsey study:
- With certain regulation, Pakistan's export potential could reach two billion dollars which is currently less than 200 million dollars in Pakistan
 - with certain deregulation, Pakistan's export potential could reach one billion dollars which is currently less than 200 million dollars in Pakistan
 - with certain deregulation, Pakistan's import could reach one billion dollars which is currently less than 200 million dollars in Pakistan
 - with certain regulation, Pakistan's import could reach two billion dollars which is currently more than 200 million dollars in Pakistan
224. Which of the following country's Pharma industry is growing with exports more than 10 times of Pakistan?
- Bangladesh and India
 - China and Nepal
 - Australia and Germany

- d. None of the above
225. Which of the following country has many Food and Drug Administration (FDA) approved plants?
- India
 - Russia and Japan
 - Bangladesh and India
 - Korea
226. Due to which of the following factor Pakistan's export potential is impeded in developed markets?
- Due to having insufficient finance to serve the pharma industry
 - Due to having not a single manufacturing plant that is FDA approved
 - Due to having inexperienced doctors having lack of knowledge
 - All of the above
227. Which of the following factor may effect margin and industry effectiveness negatively in an high inflationary environment?
- Low export
 - Use of primitive technology
 - Price control
 - All of the above
228. Which of the following reason has made Pakistan dependent largely on imports?
- Continuous weakness of Pak Rupee has resulted in high inflationary environment together with high utility cost
 - Lack of availability of natural resources that are used as raw material in the production of medicines
 - Having low number of Healthcare professionals who develop medical research for the medicine's efficacy and stimulate the export
 - All of the above
229. What would it be resulted when companies stop making medicine because of low margins?
- It results in the increase of import
 - It gives the opportunity to other companies
 - It results in shortage of medicines and distress to patient
 - All of the above
230. Several multinational companies have exited from the market because of _____.
- Increase of imports

- b. Low margins
 - c. High disease burden
 - d. None of the above
231. Recent introduction of inflation indexation pricing was welcomed by the industry. Which of following would be the impact if new changes are made in price controls?
- a. it would stop the making of medicines
 - b. it would hamper timely price adjustments
 - c. it would affect the profit earned by the company
 - d. All of the above
232. It takes significantly longer time to obtain registration for new research-based products. What would be the impact of delay in registration?
- a. It impacts profitability due to Rupee erosion increasing import costs, companies sometimes do not launch those products
 - b. It adversely affects patient's access to more effective new treatment
 - c. Patients end up paying higher price for those medicines coming through the gray channel
 - d. All of the above
233. From which of the following countries the pharmaceutical industry is highly dependent on import of active ingredients?
- a. China and Bangladesh.
 - b. Iran and India
 - c. China and India
 - d. All of the above
234. Reliance of local pharmaceutical industry on India is estimated at _____.
- a. 0%
 - b. 50%
 - c. 60%
 - d. None of the above
235. Which of the following statement is true?
- a. Oil and Gas sector in Pakistan has seen phenomenal growth since the independence 1947 when oil quantities produced were scarce
 - b. At the time of independence there was no gas production but over the past half century the petroleum industry has played a significant role in national development by making large indigenous gas discoveries
 - c. All of the above
 - d. None of the above

236. In which of the following segment oil and gas industry is categorized?
- Upstream
 - Mid-Stream and
 - Downstream
 - All of the above
237. Upstream sector, also known as _____, is associated with exploring and producing hydrocarbons (crude oil and natural gas).
- Searching gas Exploration (S&E) sector
 - Exploration and Production (E&P) sector
 - Searching and Production (S&P) sector
 - None of the above
238. Which of the following industry involves processing of crude oil and natural gas into end user form?
- Upstream
 - Downstream
 - Mid-Stream
 - None of the above
239. Which of the following factor is not included in mid-stream sector?
- The activities of oil refineries
 - The activities of fertilizer plants
 - The activities of natural gas purification plants
 - None of the above
240. In addition to the other activities which of the following activity is also included in a large part of midstream activities?
- Transportation and Storage of crude oil
 - Transportation Storage of natural gas
 - All of the above
 - None of the above
241. Which of the following is the function of oil refineries?
- To refine crude oil into CNG, Vaseline ointments and etc
 - To refine crude oil into various types of petroleum products
 - To refine crude oil into natural gas specifically
 - All of the above

242. Which of the following is the function of fertilizers plant?
- To convert CNG into fertilizes
 - To convert crude oil into diesel
 - To convert natural gas into fertilizer
 - All of the above
243. Price adjustment is made for new medicine by considering the increase in cost of import, which would ensure a fair margin and incentive to introduce new research-based medicine that will be beneficial for patients. Is it correct?
- Yes
 - No
244. What is the function of petrochemical plants?
- To convert oil and gas into various petroleum products.
 - To convert oil and gas into various petrochemical products
 - To convert kerosene oil into fertilizer.
 - None of the above
245. From where petroleum supply chain infrastructure in Pakistan starts?
- From the port of ormara
 - From keti bander port
 - From the port of pasni
 - From port facilities at krachi
246. At where Crude oil, white-oil products, Low Sulphur Furnace Oil (LSFO) are received?
- At Qasim port
 - At Gawadar port
 - At karachi port
 - None of the above
247. At where LPG and High Sulphur Furnace Oil (HSFO) are received?
- At National Refinery kemari oil
 - Fauji oil terminal at Qasim Port
 - Oil terminal at Gawdar port
 - None of the above
248. From where oil explored and produced (E&P) locally is transferred to refineries?
- Production and Supply (P&S) companies
 - Exploration and Supply (E&S) companies

- c. Exploration and Production (E&P) companies
 - d. All of the above
249. To where oil explored and produced locally is transferred form refineries?
- a. To thermal power plants
 - b. To petroleum consumers (individuals and industries)
 - c. To oil marketing companies
 - d. All of the above
250. From where oil explored and produced locally is transferred to thermal power plants and other petroleum consumers (individuals and industries)?
- a. From Exploration and Supply companies
 - b. From oil marketing companies
 - c. From refineries
 - d. None of the above
251. In the midstream by which of the following the bulk of petroleum products is not transported to Pakistan's market?
- a. By road
 - b. Oil pipelines
 - c. Ships
 - d. Railways
252. How many refineries are currently operating in Pakistan, in the downstream oil sector?
- a. 5
 - b. 7
 - c. 8
 - d. None of the above
253. How many oil marketing companies are operating in Pakistan, in the downstream sector?
- a. Fifteen
 - b. Twenty two
 - c. Twenty eight
 - d. None of the above
254. The supply chain of imported LNG starts at the _____, where it is re-gasified at the installed plants.
- a. Karachi port

- b. Port Qasim
 - c. Keti bandar Port
 - d. None of the above
255. Is it true that large areas of land are required to carry out the E&P activities?
- a. Yes
 - b. No
256. Which of the following statement is not true with respect to land and acquisition to carry out the E&P activities?
- a. The subsurface (meaning something located beneath a surface and especially underground) property rights belong to the country
 - b. The access to surface(Land) is obtained from the owners of the land which could be private land owners or the Government
 - c. Land is acquired via either purchase or short term or long term rental/lease
 - d. None of the above
257. During which phase, land is usually taken on short-term rental/lease?
- a. Development phase
 - b. Production phase
 - c. Exploration phase
 - d. None of the above
258. During which phase, land neither purchased nor taken on long term rent /lease?
- a. Development phase
 - b. Exploration phase
 - c. Production phase
 - d. All of the above
259. Most of the material required for drilling and setting up processing facilities is imported. Against which of the following the imported item can be cleared by custom authorities without levying any import duty, in case of temporarily imported item?
- a. Bank guarantee
 - b. Mortgage
 - c. Pledge
 - d. None of the above
260. E&P company being a highly technical industry, health, safety and environment (HSE) is of utmost importance for it because:
- a. Its processing/production activities causes hazardous wastes
 - b. It deals with inflammable or combustible products

- c. Some of its activities are menacing and highly risky
 - d. All of the above
261. Including some industry specific calculations and financial planning which of the following finance function in E&P industry is dissimilar to any other industry?
- a. General accounting
 - b. Taxation
 - c. Working capital management
 - d. None Of The Above
262. The activities of which of the following industry in Pakistan are generally carried out in less populated areas?
- a. Development and Production activities
 - b. Extraction and Production activities
 - c. Exploration and Production activities
 - d. None of the above
263. Which of the following is correct for carrying out E&P activities keeping in view the social welfare of the society?
- a. E&P activities are carried out in underdeveloped areas
 - b. E&P activities are carried out in the areas that are in need of necessities such as water, electricity, clinics, schools and colleges
 - c. All of the above
 - d. None of the above
264. In which of the following areas including provision of water resources for drinking and cleaning E&P companies have contributed for the last many years?
- a. Primary and secondary schools and vocational training centers
 - b. Building and managing small hospitals and dispensaries to provide health services to local communities
 - c. Vaccination against communicable diseases such as Hepatitis B and C.
 - d. All of the above
265. Information technology is one of the salient features of power generation company. Which of the following is the key responsibility of this function?
- a. Infrastructure development and maintenance over large geographical area
 - b. Integrity and security of customers / suppliers information
 - c. Provide need based hardware & software solutions along with integration of information such as plant management, finance and customer account management
 - d. All of the above

266. Billing function ensures timely issuance of _____ to customers and their subsequent recovery.
- Subsequent bills
 - Accurate bills
 - Accumulated bills
 - Fixed bills
267. Which of the following is the responsibility of billing function?
- Management of a large volume of various consumer segments of a distribution company
 - Customer account maintenance
 - Loss minimization and timely recoveries
 - Addressing customer complaint
 - All of the above
268. Marketing function in power sector is limited due to _____ nature of business with long term secured contracts and exclusive area licenses available.
- Oligopolistic
 - Monopolistic
 - Static
 - Dynamic
269. To which of the following marketing function in power sector is limited?
- Media and PR management; as power related issues directly affect the lives of people
 - Uplift and secure the corporate image
 - Communication for corporate affairs
 - All of the above
270. Which of the following is the key challenge faced by a power company?
- Availability of machines and network and their efficient operation
 - Reliable and safe operations
 - Uninterrupted power supply to consumers
 - All of the above
271. Which of the following is not the key challenge faced by power company?
- Prompt response to customer complaints
 - Timely collection of bills
 - Reducing power theft and line losses
 - Circular debt issue
 - None of the above

272. Which of the following frame works as applicable for other companies in Pakistan are also applicable to textile companies?
- Financial reporting
 - Taxation
 - All of the above
 - None of the above
273. Finance executives in textile companies have similar roles and responsibilities in standard operations of which of the following?
- Accounts
 - Finance
 - Tax
 - All of the above
274. In textile business highly specialized marketing staff having knowledge and experience of dealing with specified _____, are being employed.
- Export market and export product
 - Commodity market
 - Commercial market and commercial product
 - Import market and import product
275. For health safety and environment textile companies are to ensure that hazardous wastes and chemical effluents are treated to remove hazardous materials before discharging these wastes in environment.
- True
 - False
276. Although Pakistan's pharmaceutical and healthcare sectors are expanding and evolving rapidly, but much more work needs to be done by _____ and industry's stakeholders, because about half the population has no access to modern medicines.
- Government
 - Pharmacists
 - International investors
 - Medical representatives
277. _____ are geographically spread all over Pakistan, its production units in provinces tend to concentrate in Karachi, Lahore and Peshawar.
- Power generation companies
 - Pharmaceutical companies
 - Textile industries
 - Oil and gas industries

278. Finance Executives should carefully review all payments to HCPs. Purpose of such payments should be clear to ensure that these payments are within the confines of _____.
- a. Market competitiveness
 - b. Ethical marketing practices
 - c. Business law
 - d. Medical services
279. Which of the following in pharmaceutical industry should strengthen the process of approval of promotional expenses spent in consultation with the compliance and medical departments?
- a. Chief executives
 - b. Finance executives
 - c. Chairman
 - d. Medical officers
280. In pharmaceutical industry the process of approval of promotional expenses spent should be strengthened to ensure compliance with applicable laws and regulations.
- a. True
 - b. False
281. Pharmaceutical companies generally sell their medicines on advance payment to their _____.
- a. Customers
 - b. Retailers
 - c. Distributors
 - d. All of the above
282. The medical affairs department of pharmaceutical company focuses on _____.
- a. Developing customer and patient insights about disease prevalence
 - b. Disease prevention and cure
 - c. Translating evidence into meaningful information as well as communicating it to the doctors.
 - d. All of the above
283. _____ are undertaken to develop medical research evidence to understand efficacy of new medicines in treating diseases.
- a. Medicine approval
 - b. Clinical trials
 - c. Medicine marketing
 - d. Experiments

284. Clinical trials are research studies that test how well new _____ work on people.
- Scientific approaches
 - Treatment
 - Medical approaches
 - None of the above
285. Which of the following engage hospitals and approved Clinical Research Organizations for clinical studies/trials on a specific medicine's efficacy in treatment of diseases?
- Government hospitals
 - Pharmaceutical companies
 - Ministry of health
 - Healthcare professionals
286. Pakistan has the potential to expedite its pharma export .it has the ability, infrastructure and human resource, it need to optimize _____.
- Scientific research
 - Regulatory policies
 - Pharma studies
 - Factors of production
287. _____ make certain medicines not viable to market for pharma companies and they stop making them that resulting shortage of medicines and distress to patient.
- Strict government policies
 - Lack of pharma knowledge
 - Low margins
 - Inflation
288. With looming energy crises and the ongoing growing demand for oil and gas in Pakistan, the exploration and production of oil & gas, or upstream has garnered considerable interest from investors (both local and foreign).
- True
 - False
289. Which of the following sector includes marketing and distribution of refined oil and gas to industrial, commercial and residential end users such as power plants, petrol pumps, various industries and household?
- Upstream
 - Mid-stream
 - Downstream
 - None of the above

290. For petroleum supply the port facilities at Karachi are connected to the tankage/storage facilities of the refineries and oil marketing companies (OMCs).
- True
 - False
291. Which of the following own terminals and storage facilities to receive and store crude oil and petroleum products throughout Pakistan to help in distribution of the oil products throughout the country?
- Refineries
 - Oil marketing companies
 - Large consumers
 - All of the above
292. Gas explored and produced is transferred to _____ via pipelines for further distribution to the end-consumers.
- Sui Northern Gas Pipeline Limited (SNGPL)
 - Sui Southern Gas Company Limited (SSGCL)
 - All of the above
 - None of the above
293. The supply chain of imported LNG starts at _____ where it is re-gasified at the installed plants.
- Keti bander port
 - Gawader port
 - Port Qasim Karachi
 - None of the above
294. Acquiring land to carry out E&P activities is quite intense work as sometimes the land is used for agriculture, industrial or residential purposes. Therefore, companies usually have a separate department for this.
- True
 - False
295. In oil and gas exploration company capacity building of the staff is done by providing _____ such as sessions on emergency response, asset protection and process safety etc.
- Awareness
 - Regular HSE training
 - Development programs
 - All of the above

296. The oil and gas exploration company develops HSE guidelines and procedures, and the company staff and related staff is regularly trained based on these guidelines and procedures. Is it true?
- a. Yes
 - b. No
297. Oil and gas industry being a highly specialized industry with continuous technological advancements, it is crucial to provide _____ to staff.
- a. High pay
 - b. Specialized training and development opportunities
 - c. High education
 - d. Special working conditions
298. Is it true that for specialized training and development most of the oil and gas companies have a dedicated section within HR department or a separate training and development department for continuous training of the staff involved in the operations?
- a. True
 - b. False
299. Every company in the E&P industry has comprehensive HSE policies and procedures and exhibits a significant focus on _____.
- a. Regulatory policies
 - b. HSE
 - c. Exploration and production of oil and gas
 - d. None of the above

ANSWER KEY TO CHAPTER 10

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
1	a	41	b	81	c	121	b
2	b	42	b	82	b	122	b
3	a	43	a	83	d	123	c
4	a	44	b	84	b	124	c
5	b	45	d	85	d	125	d
6	c	46	c	86	a	126	c
7	b	47	d	87	d	127	d
8	c	48	a	88	c	128	c
9	c	49	c	89	c	129	b
10	b	50	d	90	c	130	c
11	d	51	d	91	a	131	a
12	d	52	c	92	b	132	b
13	b	53	b	93	c	133	d
14	d	54	d	94	c	134	c
15	d	55	b	95	b	135	b
16	b	56	b	96	b	136	c
17	a	57	c	97	d	137	b
18	d	58	b	98	b	138	c
19	d	59	d	99	b	139	a
20	c	60	d	100	a	140	c
21	d	61	d	101	b	141	b
22	c	62	b	102	d	142	d
23	a	63	d	103	b	143	b
24	b	64	a	104	c	144	b
25	c	65	b	105	b	145	d
26	b	66	a	106	d	146	a
27	c	67	d	107	c	147	c
28	c	68	d	108	b	148	b
29	a	69	d	109	b	149	c
30	b	70	d	110	c	150	a
31	a	71	a	111	b	151	a
32	b	72	b	112	b	152	d
33	b	73	c	113	d	153	b
34	b	74	c	114	d	154	a
35	b	75	a	115	d	155	b
36	d	76	d	116	c	156	b
37	c	77	b	117	b	157	c
38	a	78	a	118	b	158	c
39	a	79	d	119	c	159	a
40	a	80	b	120	c	160	b

S.No.	Answer	S.No.	Answer	S.No.	Answer	S.No.	Answer
161	b	196	c	231	b	266	b
162	c	197	b	232	d	267	e
163	d	198	c	233	c	268	b
164	c	199	b	234	c	269	d
165	a	200	a	235	c	270	d
166	a	201	b	236	d	271	e
167	b	202	d	237	b	272	c
168	d	203	b	238	c	273	d
169	b	204	c	239	d	274	a
170	d	205	b	240	c	275	a
171	a	206	a	241	b	276	a
172	b	207	c	242	c	277	b
173	d	208	b	243	a	278	b
174	c	209	c	244	b	279	b
175	c	210	b	245	d	280	a
176	b	211	b	246	c	281	c
177	b	212	b	247	b	282	d
178	b	213	d	248	c	283	b
179	d	214	d	249	c	284	c
180	d	215	c	250	b	285	b
181	d	216	d	251	c	286	b
182	d	217	b	252	b	287	c
183	d	218	c	253	c	288	a
184	b	219	b	254	b	289	a
185	c	220	c	255	d	290	a
186	b	221	b	256	d	291	d
187	d	222	c	257	c	292	c
188	c	223	b	258	b	293	c
189	b	224	a	259	a	294	a
190	b	225	c	260	d	295	b
191	a	226	b	261	b	296	a
192	c	227	c	262	c	297	b
193	b	228	a	263	c	298	a
194	b	229	c	264	d	299	b
195	c	230	b	265	d		

CHAPTER 11

ICAP MODEL PAPER

1. Which of the following is an advantage of sole proprietorship?
 - a. Sole proprietor's liability is limited to assets of the business only
 - b. Sole proprietor is exempt from government regulation of doing business
 - c. Sole proprietor can enjoy greater flexibility in terms of operational decision making
 - d. Sole proprietor is in a better position to borrow funds at concessional interest rates
2. Which of the following is disadvantage of partnership?
 - a. The process of formation of partnership is usually complex
 - b. Each partner has to contribute equal amount of capital
 - c. The process of dissolution of partnership is usually complex
 - d. The partnership business is subject to strict government regulations
3. Which of the following is not a feature of limited company?
 - a. Its owners have unlimited liability
 - b. Its owners have limited liability
 - c. It has a separate legal identity from that of its owners
 - d. It is subject to increased government restrictions
4. In a limited partnership business, all partners have limited liability:
 - a. True
 - b. False
5. The objectives of an organization are generally found in:
 - a. Minutes of the meetings of board of directors
 - b. Employees' appraisal forms
 - c. Financial statements of the company
 - d. Vision and mission statement of the company
6. After the participative meeting with sales team, it is agreed that each sales personnel will try to sell as many products as possible in the coming quarter.
Which of the following two element of SMART goals are missing?
 - a. Attainable
 - b. Specific
 - c. Measurable

- d. Relevant
7. A _____ statement has a 'future focus' whereas, a _____ statement has a 'present day' focus.
8. It is said that objectives should be SMART. The letters S and M generally mean _____ and _____ respectively.
9. Which of the following techniques would result in effective goal setting?
- a. State goals in a positive statement
 - b. Develop a system that can provide feedback on the achievement of goals
 - c. Senior management set the goals and then communicate to each level of employment
 - d. Set boundaries within which goals need to be achieved
10. Goals that are would likely result in employees giving up.
- a. Too easy
 - b. Unrealistically challenging
 - c. Intrinsically motivating
 - d. Aligned with employees' goals
-
11. Social-work organizations and charities are examples of: (Select TWO options)
- a. Non-profit organization
 - b. Commercial organization
 - c. Private organization
 - d. Non-government organization
12. Quality of life refers to the general level of human happiness based on such things as: (Select TWO options)
- a. Volume of work
 - b. Educational standards
 - c. Salaries
 - d. Life expectancy
-
13. _____ refers to the material inputs needed for production, while _____ is the opposite end, where products get produced and distributed.
14. Being a highly technical industry dealing with inflammable/combustible products, Health, Safety and Environment (HSE) is of utmost importance for Exploration and Production Company.
- a. True
 - b. False

15. Fill in the blank. Marks will be awarded on writing the exact one-word answer.

The capacity of spinning unit is denominated in number of _____ in ring section, a front end sub unit in spinning process.

16. The meeting of board of directors of Gloss Limited (GL). Which is engaged in the production and marketing of consumer products, is scheduled next month. The agenda of the meeting includes discussion of and decision on the following key manors:

Matter 1:

Discontinue loss making product lines to concentrate on product lines contributing high profits.

Matter 2:

Approve a new supplier for procurement of better quality raw material at slightly higher cost. However, to remain competitive sales price of products would not be increased.

Matter3:

Rent out mezzanine floor of GL's building to a food vendor who has agreed to offer canteen facilities to employees at subsidized rates.

Required:

Answer the following five questions by using the above information.

- i. Shareholders would likely support strongly
 - a. Matter 1 only
 - b. Matter 1 and 2
 - c. Matter 1 and 3
 - d. All three matters
- ii. Employees would likely support strongly: (select TWO options)
 - a. Matter 1
 - b. Matter 2
 - c. Matter 3
 - d. All three matters
- iii. Customers of GL are likely to have _____ power but _____ interest in the decisions of the business of GL.

- iv. Individual employees are likely to have low power but high interest in the key decision of the business. The recommended approach for GL is to keep them _____ about happenings in the organization.
- a. Informed
 - b. Satisfied
 - c. Happy
 - d. Involved
- v. Shareholders may use their legal power to overturn the decision of the management of GL.
- a. True
 - b. False
17. Which of the following is an advantage of 'centralization'?
- a. Improved co-ordination of activities
 - b. Employees are highly motivated
 - c. Decisions are taken quickly
 - d. Senior management takes operational decisions
18. A company has two divisions. In division I, products are manufactured and then transferred to division II for packaging. This is an example of:
- a. Product division
 - b. Geographical division
 - c. Customer division
 - d. Process division
19. Which of the following is NOT likely the feature(s) of entrepreneurial organization?
- a. There is no formal management structure
 - b. It becomes inefficient as organization grows larger
 - c. People are empowered to make key decisions
 - d. Operations and processes are generally simple
20. Which of the following are likely TWO consequences of adopting deficient organizational structure?
- a. Low employee turnover
 - b. High operating costs
 - c. High employee motivation
 - d. Low customer retention

21. Which of the following are characteristics of the functional organization structure?
(Select TWO options)
- a. There is highly effective interdepartmental co-ordination and communication
 - b. People are specialized in their particular function
 - c. There is less duplication of tasks
 - d. People in each function have comparable skills and perform similar tasks
22. Fill in the blank. Marks will be awarded on writing the exact one-word answer.
_____ organization is a type of organizational structure that does not have an identifiable physical existence.
23. One of the advantages of decentralization is that managers at divisional level are generally better motivated.
- a. True
 - b. False
24. Motivation of manager is likely to be higher under a _____ organizational structure than a _____ organizational structure.
25. Which of the following is the internal stakeholder of an organization?
- a. Shareholder
 - b. Government
 - c. Non-executive director
 - d. Supplier
26. Which of the following stakeholders would be LEAST interested in the profitability of an organization?
- a. Government
 - b. Employees
 - c. Lenders
 - d. Customers
27. Which of the following statement is CORRECT regarding 'connected stakeholders'?
- a. They are key decision makers of day-to-day operations of the organization
 - b. They are part of permanent infrastructure of the organization
 - c. They are mostly interested in dividends of the organization
 - d. They are very influential in shaping the future of the organization
28. Employees as the stakeholders in an organization would be MOST interested in:
- a. Profitability of an organization

- b. Corporate social responsibility activities of an organization
 - c. Laws and regulations applicable on organization
 - d. Reporting structure of an organization
29. Employees as the stakeholders in an organization would be MOST interested in:
- a. Profitability of an organization
 - b. Corporate social responsibility activities of an organization
 - c. Laws and regulations applicable on organization
 - d. Reporting structure of an organization
30. The interest of government as a stakeholder of an organization is restricted to collection of tax only.
- a. True
 - b. False
31. The _____ would likely to be most interested in the _____ of an organization.
32. Which of the following is NOT the feature of 'preference shareholders'?
- a. They are entitled to receive dividends before distribution of any dividends to ordinary shareholders
 - b. They are issued with a fixed rate of annual dividend
 - c. They have a claim before ordinary shareholders to the assets of company in the event of liquidation
 - d. They enjoy more voting rights than ordinary shareholders
33. _____ is a source of short-term finance that can be raised by means of selling outstanding sales invoices for cash to a third party at a discount.
- a. Commercial paper
 - b. Bank overdraft
 - c. Debt factoring
 - d. Trade credit
34. Debt financing is preferred over equity financing:
- a. To reduce the financial risk
 - b. To avoid tax payments
 - c. To avoid sharing of voting rights
 - d. To reduce the losses
35. Which of the following are advantages of equity financing over debt financing? (Select TWO options)
- a. There is no obligation to pay dividends

- b. Dividends are allowable tax expense / tax deductible
 - c. It has no maturity date
 - d. Equity owners rank ahead of debt holders in the event of liquidation
36. One of the advantages of short-term financing is that it is subject to lower interest rate because it is payable within a period of 12 months.
- a. True
 - b. False
37. The role of finance manager is restricted to preparation of financial statements and ensuring the financial results are correctly reported.
- a. True
 - b. False
38. If an organization seeking short-term financing, then _____ would be viable option. However, if it is seeking long-term financing then _____ would be more viable option.
39. All stakeholders, directly or indirectly, are part of _____ of a company.
- a. Material management
 - b. Financial management
 - c. Administrative management
 - d. Personnel management
40. Primary goal of the Financial Manager is to _____ the value of the company to its owners, measured by the share price or value of stocks.
41. The company's ownership is diluted and it will be required to share its future growth and profits with other shareholders.
- The above statement is considered as a _____ for the organization.
42. Re-cycling of waste material is an example of principle of social responsibility:
- a. Sustaining the environment for future generations
 - b. Integrity
 - c. Sustaining the environment for future profits
 - d. Respect for basic human rights
43. Before blowing the whistle, one should consider:
- a. financial position of the company
 - b. confidentiality of the information

- c. job security and future promotions
- d. relationship with other employees

44. Which of the following questions about the ethics when deciding on a course of action one would ask when carrying out the mirror test? (Select TWO options)

- a. Is it legal?
- b. Is it ethical?
- c. How would it reflect on my career?
- d. How would it impact the society in general?

45. Fill in the blank. Marks will be awarded on writing the exact one-word answer.

One of the problems with _____ is that sometimes people use it to malign the other for reasons of personal grudge or dislike.

46. One of the consequences of unethical behavior is high employee turnover.

- a. True
- b. False

ANSWER KEY TO CHAPTER 11

ICAP MODEL PAPER

S.No.	Answer	S.No.	Answer
1	c	22	virtual
2	c	23	a
3	a	24	contemporary
4	b	25	a
5	d	26	d
6	b, c	27	d
7	vision, mission	28	a
8	specific, measurable	29	b, c
9	a, b	30	b
10	b	31	shareholders, profit
11	a, d	32	d
12	b, d	33	c
13	upstream, downstream	34	b
14	b	35	c
15	spindles	36	b
16 (i)	c	37	b
16 (ii)	a, c	38	bank loans, bonds
16 (iii)	low, high	39	b
16 (iv)	informed	40	maximize
16 (v)	TRUE	41	disadvantage
17	d	42	a
18	d	43	b
19	c	44	a, b
20	b, d	45	internet
21	b, d	46	a

ANSWER KEY TO CHAPTER 11 ICAP MODEL PAPER

2 No.	Answer	2 No.	Answer
1	c	33	virtual
2	c	34	a
3	a	35	contemporary
4	b	36	a
5	d	37	b
6	b, c	38	b
7	vision/mission	39	a
8	specific measurable	40	b, c
9	a, b	41	b
10	b	42	shareholders' profit
11	a, d	43	b
12	b, d	44	c
13	upstream, downstream	45	b
14	b	46	c
15	splinters	47	b
16 (i)	c	48	bank loans, bonds
16 (ii)	a, c	49	b
16 (iii)	low, high	50	maximize
16 (iv)	informed	51	disadvantage
16 (v)	TRUE	52	a
17	b	53	a
18	b	54	b
19	c	55	a, b
20	b, d	56	internet
21	b, d	57	a

NOTE:
This answer key of ICAP Model Paper is prepared by Sri Tard Tania and does not belong to
the ICAP.